

Registered
Food Order

FRIDAY, FEBRUARY 9, 1979

PART IV



DEPARTMENT OF
AGRICULTURE

Food and Nutrition
Service

FOOD STAMP PROGRAM

Monitoring and Reporting Program
Performance

[3410-30-M]

Title 7—Agriculture

CHAPTER II—FOOD AND NUTRITION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

PART 277—PAYMENT OF CERTAIN ADMINISTRATIVE COSTS OF STATE AGENCIES FOOD STAMP PROGRAM

Monitoring and Reporting Program Performance

AGENCY: Food and Nutrition Service, USDA.

ACTION: Emergency Rulemaking.

SUMMARY: This action sets forth the procedures for temporarily modifying the Food Stamp Quality Control (QC) System pursuant to the Notice of Intent published in the Federal Register on August 11, 1978 (43 FR 35645). This action also modifies the provision in the August 11 Notice of Intent that regular Efficiency and Effectiveness (E&E) reviews resume with the beginning of the caseload conversion process and that regular quality control reviews resume upon completion of caseload conversion.

This action will provide the State and Federal agencies with timely management information to monitor the number of case actions and the quality of the caseload conversion to the provisions of the Food Stamp Act of 1977 and its regulations.

DATES:

Effective Date: March 1, 1979.

Comments must be received on or before April 10, 1979.

ADDRESS: Comments should be submitted to: Nancy Snyder, Deputy Administrator for Family Nutrition Programs, Food and Nutrition Service, United States Department of Agriculture, Washington, DC 20250. A final rulemaking will be issued after considering the comments. All written comments, suggestions or objections will be open to public inspection at the offices of the Food and Nutrition Service, USDA, during regular business hours (8:30 a.m. to 5:00 p.m., Monday through Friday) at 500 12th Street, SW, Washington, D.C., Room 650. A Draft Impact Analysis has been prepared and approved, and is available from Deputy Administrator Snyder. A copy will also be open for public inspection at the offices shown above.

FOR FURTHER INFORMATION CONTACT:

Nancy Snyder, Deputy Administrator for Family Nutrition Programs, Food and Nutrition Service, U.S. De-

partment of Agriculture, Washington, DC 20250, 202-447-8982.

SUPPLEMENTARY INFORMATION: In implementing the Food Stamp Act of 1977, State agencies will be called upon to undertake major efforts to retrain staffs, redesign systems, convert approximately 5.3 million households to new eligibility and benefit rules, and change other program operations. It is critical that this implementation process be accomplished accurately, effectively and on schedule, thus establishing a sound operational base for future program performance. Beginning March 1, 1979, State agencies' modified QC Systems shall measure both the number of case actions and the quality of the caseload conversion to the new law and its regulations. These modified quality control reviews shall consist of a desk review of cases certified, converted, denied, and terminated under the October 17, 1978 (43 FR 47846), Food Stamp Program Regulations to ascertain whether certification policies and procedures are being implemented correctly. Each State agency shall submit to the Food and Nutrition Service (FNS) on a monthly basis a report of the results of these reviews. This review procedure will provide timely information for use by management at the State and Federal levels concerning progress and potential problems in converting caseloads. The modified QC System authorized in this notice is temporary and the procedures contained herein will not necessarily be reflected in final Performance Reporting System (PRS) Regulations.

It is the policy of the Department that the public be given the opportunity to participate in rulemaking before issuance. However, because of the need for timely implementation to assure accurate and effective implementation of the October 17 Regulations, Assistant Secretary Carol Tucker Foreman has determined that it is contrary to the public interest to give notice of proposed rulemaking. The publication of this amendment as an emergency rulemaking will give State agencies as much time as possible to prepare for implementation.

Accordingly, Part 277 of Chapter II, Title 7 of the Code of Federal Regulations is amended as follows:

In § 277.10 paragraphs (g) and (h) are added to read as follows:

§ 277.10 Monitoring and Program Performance.

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(g) *E&E system.* The E&E System as outlined in the August 11, 1978 (43 FR 35465) Notice of Intent shall remain in force until regular E&E reviews resume under the implementation schedule to be published in final Per-

formance Reporting System (PRS) regulations.

(h) *Modified QC system.* Notwithstanding any other provisions of § 277.10, the modified QC System and Exhibits 1 and 2 contained herein shall be implemented by each State agency no later than March 1, 1979. State agencies will continue operating the modified QC System until permanent QC System regulations are implemented, which shall not be later than September 1, 1979. Publication of permanent QC System regulations will include implementation timeframes for those regulations. State agencies shall conduct modified quality control reviews as follows:

(1) *Review process.* Modified quality control reviews shall be conducted in accordance with the program standards established in Part 273 of the Food Stamp Program Regulations published October 17, 1978 (43 FR 47846), in the FEDERAL REGISTER. The review of cases converted by desk review shall be conducted in accordance with the standards contained in § 272.1(g)(1)(iii). The reviewer shall use information in the case file, i.e., those records which include applications and supporting documentation. If supporting documentation is not maintained with the application file (such as work registration documents) then it, too, shall be provided for this review. Coupon allotment information shall also be made available.

(2) *Modified quality control review worksheet.* Form FNS-132, Modified Quality Control Review Worksheet, is the modified quality control review record and shall be completed for each case selected. This form contains space for entering certain identifying information regarding the household and a list of the review elements (program standards) to be examined with space available for pertinent comments by the reviewer. Exhibit 1 contains a copy of the form and instructions for its completion. As reviews are completed, the findings shall be assembled for data analysis and evaluation. Both active (certified and converted) and negative (denied and terminated) case files shall be desk reviewed to determine proper application of policy, verification, documentation and computation for each review element.

(3) *Deficiencies.* For purposes of this review, each deficiency shall be categorized by the applicable causal factor as defined below:

(i) *Policy application.* Policy application is adherence to the Food Stamp Program policies and procedures as set forth in Part 273 of the regulations except that the policy established in § 272.1(g)(1)(iii) shall be followed for cases converted by desk review. Examples of deficiencies in policy application include, but are not limited to:

(A) Incorrect application of eligibility standards to the certification process (e.g., certifying someone with \$3,600 in resources, counting excludable income as income, failure to include certain income and deductions, etc.);

(B) Failure to send required notices or process information within timeframes given in the regulations (e.g., failure to send the Notice of Expiration when applicable or failure to send the Notice within the timeframes given in the regulations);

(C) Inclusion of ineligible or disqualified household members (Supplemental Security Income recipients in cash-out States, aliens whose status is unverified, students who are tax dependents of households ineligible for program benefits or who fail to register for work, etc.);

(D) Failure to work register all household members who are required to be registered for employment; and

(E) Failure to take timely action on reported changes.

(ii) *Verification.* Verification is the use of third party information or documentary evidence by the eligibility worker (EW) to establish the accuracy of statements on the application. Standards for verification are contained in § 273.2(f) of the regulations. Verification standards for cases converted by desk review are contained in § 272.1(g)(1)(iii) of the regulations. Standards for verification of questionable information are contained in § 273.2(f)(2) of the regulations. Examples of deficiencies in verification include, but are not limited to:

(A) Failure to verify gross nonexempt income;

(B) Failure to verify whether household members identified as aliens are eligible aliens;

(C) Failure to verify questionable information regarding household composition, citizenship, tax dependency, and/or deductible expenses;

(D) Failure to verify resources and/or loans if information is questionable;

(E) Failure to offer assistance to households in obtaining verification;

(F) In cases of expedited service, failure to verify unverified information from the previous certification before recertification; and

(G) Verification where such verification is not required and/or warranted.

(iii) *Documentation.* Documentation is the recording of information in the case file by the EW to support eligibility, ineligibility, and benefit level determinations. Standards for documentation are contained in § 273.2(f)(6) of the regulations. Examples of deficiencies in documentation include, but are not limited to:

(A) Unexplained amounts of income and deductions making it impossible for the reviewer to determine the rea-

sonableness and accuracy of the EW's determination;

(B) Failure to record how required verifications were obtained;

(C) Failure to record why information was considered questionable;

(D) Failure to record why a source of verification such as a collateral contact provided by the household was rejected and an alternate source was used;

(E) Failure to document reasons for work registration exemptions;

(F) Failure to record date of receipt of application (for 30-day processing);

(G) Failure to record date(s) of reported changes; and

(H) Failure to record the date of notices of adverse action (reductions in benefits, denials, terminations).

(iv) *Computation.* Computation includes both arithmetic and transcription processes. Examples of deficiencies in computation include, but are not limited to:

(A) Arithmetic is incorrect;

(B) Cents were not correctly dropped before and after each calculation (except for the computation of shelter costs) as required in § 273.10(e)(1)(ii) of the regulations;

(C) Incorrect conversion tables or numbers were used in converting income to monthly amounts or determining deductions;

(D) Information was incorrectly transcribed from verification forms or from the application onto the application worksheet; and

(E) Coupon allotment for the household size and income was based on the incorrect table or was incorrectly transcribed or entered onto the computer document or Household Issuance Record (HIR) card.

(4) *Review date.*

(i) *Active cases.* The review date for active cases is the date of the latest certification action under the October 17, 1978, regulations. However, in those cases in which a Notice of Expiration should have been sent (e.g., recertifications, and one- or two-month certification periods), the reviewer will determine that the Notice was sent and that it was sent within the timeframes given in the regulations.

(ii) *Negative cases.* The review date for negative cases is the date of the local agency's decision to deny or terminate program benefits under the October 17, 1978, regulations.

(5) *Identification of deficiencies.* Failure on the part of EW to follow the policies and procedures set forth in Part 273 and Section 272.1(g)(1)(iii) of the regulations as well as errors in computation shall constitute a deficiency. All deficiencies shall be recorded on Form FNS-132. It is recognized that the case file itself will not contain information on every program standard in the regulations. Thus, only se-

lected program standards are listed on Form FNS-132. Should information on such unlisted standards become known to the reviewer and a deficiency be found to exist, the reviewer shall record that deficiency on Form FNS-132 under the subelement "Other" of the appropriate element, and identify the program standard and the deficiency in the "Comments" section.

(6) *Disposition of case reviews.* The desk review procedures contained herein should ensure a high completion rate once a case is identified for the modified quality control sample and the case file is located. Each case selected shall be accounted for and shall fall into one of the three categories described below:

(i) *Completed.* A review is considered completed if the reviewer has examined all applicable review elements in accordance with the provisions contained herein. However, inability to determine whether information in the case file is correct or incorrect on any particular standard shall not result in the review being coded as incomplete since inadequate documentation in itself is a deficiency and shall be reported.

(ii) *Not completed.* If the reviewer is unable to obtain the case file or the review is not processed before the reporting deadlines, code the review as not completed. However, every effort will be made to complete all reviews. States may be out of compliance with required modified QC System procedures if the number of incomplete reviews exceeds five percent.

(iii) *Not subject to review.* Certain types of cases are not to be included in the modified quality control sample. However, if such cases appear in the sample, code as not subject to review. Such cases include:

(A) Households not yet converted to the new program standards;

(B) Disaster certifications authorized by FNS or designated by the President;

(C) Households certified, converted, denied or terminated in other than the sample month; or

(D) A 60-day continuation of certification.

Cases which are not subject to review under the normal QC System because of the death of all members of the household, households moved out of State, households under investigation for fraud, etc., shall be reviewed since the modified system consists only of desk reviews.

(7) *Sampling procedures.* Cases which have been converted, certified, denied and terminated under the provisions of the Food Stamp Act of 1977 and its regulations shall be subject to review and sampled in accordance with the sampling procedures set forth herein. The sampling procedures de-

scribed below are intended to yield Statewide estimates of the number of cases certified and converted to the program standards of the Food Stamp Act of 1977 and its regulations, and of the number of case actions with deficiencies. State agencies may choose, however, to expand the monitoring effort to individual project areas in order to facilitate the corrective action process. Such an expansion shall generate Statewide estimates with the reliability specified below and shall be subject to approval by the appropriate FNS Regional Office.

(i) *Universe*. A universe consists of all units for which information is desired. During the transition to the program standards of the Food Stamp Act of 1977 and its regulations, interest is focused on households converted, certified, denied and terminated under the regulatory provisions of that Act. There are two universes each month for the modified QC System.

(A) *Universe for active cases*. The active universe consists of certification actions during the sample month in which a household is determined to be eligible for benefits, including approved new applications, recertifications and conversions of certified households to the standards of the Food Stamp Act of 1977 and its regulations. The active universe excludes households not yet converted to the new program standards, disaster certifications, certification actions in other than the sample month, and 60-day continuations of certification.

(B) *Universe for negative cases*. The negative universe includes certification actions during the sample month in which households are denied benefits or had their certification terminated under the standards of the Food Stamp Act of 1977 and its regulations.

(ii) *Sample frame*. (A) A frame is equal to or approximates the universe and consists of all units from which the sample is actually selected. Sampling frames shall be constructed for both the active and negative universes. The choice of a sampling frame will depend upon the criteria of data timeliness, data completeness and accuracy, population of interest, administrative burden and other considerations described in the sampling plan submitted by the State agency. States' sampling plans are subject to approval by the appropriate FNS Regional Office.

(B) FNS strongly recommends that States use lists of certification actions to select both the active and negative samples. Lists of certification actions during the sample month (approved new applications, recertifications, and conversions; denials and terminations) provide the closest match to the universe definitions described above. Lists of this type will provide the quickest access to the sampled case records and

increase the time available to complete the reviews within FNS reporting deadlines. The negative case quality control sample has generally been selected from this type of frame in the past.

(C) States may elect to use lists of participating or certified eligible households. Participation lists generally consist of households who have redeemed Authorization to Participate (ATP) cards in the sample month. The compilation of a participation list can impose a substantial delay on the review process and may not be easily reconciled with FNS reporting requirements. Households certified to participate who do not redeem an ATP card are excluded from the participating sample frame but are still subject to review.

(D) Lists of certified eligible households are available earlier in the sample month than participation lists, but these lists need to be supplemented by new actions taken during the sample month.

(E) Use of participation or certified eligible lists will result in a sample which contains a mixture of households certified under old and new program standards. Households which have not been converted to the new standards are not subject to review. Thus, both of these two sampling frames require an overpull (i.e., selecting more sample cases than are indicated in the table below) to account for those cases selected in the sample which have not been converted to the new program standards.

(F) In addition, both of these lists contain households certified eligible to participate in earlier months as well as those certified in the sample month. Because the active universe is limited to certification actions during the sample month, households with certification periods in excess of one month are subject to review only in the month of the certification action. If selected in another month, these cases shall be coded not subject to review. Both of these sample methods provide an estimate of the number of unconverted households in the monthly caseload.

(iii) *Sample sizes*. (A) The following table contains the criteria for determining the sample sizes from both the active and negative universes. These criteria are to be applied separately to the active and negative universes.

| Estimated monthly caseload | Reliability (95% confidence) | Monthly sample size (p = .20) |
|----------------------------|------------------------------|-------------------------------|
| more than 50,000 | ±.035 | 450 |
| 10,000 to 50,000 | ±.050 | 250 |
| less than 10,000 | ±.080 | 100 |

(B) To determine the sample size for the active universe, "estimated month-

ly caseload" refers to the total number of certified households for the month; for the negative sample, it refers to the number of monthly negative actions. Estimates of the monthly caseload may be based on data reported in the January-June 1978 quality control reporting period and need not be adjusted for the duration of the modified QC System.

(C) Estimates of the number of case actions with deficiencies shall be of the specified reliability. The monthly sample sizes in the table assume a systematic or simple random sample (with $p = .20$). Some States may be able to obtain results of equivalent or better reliability with a smaller sample and appropriate design. States shall have the option to propose and use an alternative sample design, subject to FNS Regional Office approval.

(D) The "monthly sample sizes" refers to case actions to certify, convert, deny and terminate under the eligibility standards of the Food Stamp Act of 1977 and its regulations. In order to assure proper completion of the required sample, an overpull is often desirable. The amount of overpull to compensate for cases selected for the sample and then found to be not subject to review will vary from State to State. In particular, the use of a participation or certified eligible sample frame would require a far larger overpull than would a frame of certification actions. The overpull should be sufficiently large to compensate for the cases selected which are not subject to review but not so large as to increase the workload unnecessarily.

(E) A potential source of bias lies in cases subject to review but not completed. If the number of incomplete reviews is small, any resulting bias will also probably be small. If the number of such cases is large, a considerable bias may be introduced, and there is no assurance that conclusions drawn from the sample apply to the total caseload. To minimize the potential bias of nonresponse, State agencies shall complete at least 95 percent of the required reviews. This percentage is the ratio of the number of completed reviews to the number of cases selected subject to review or to the minimum number of cases subject to review specified in the sample size table, whichever is larger.

(iv) *Selection of sample cases*. The selection of cases for the modified quality control sample is made separately for active and negative cases each month for the duration of the modified QC System. Once a household has been identified for inclusion in the sample by a predesigned sampling procedure, substitutions are not acceptable. If a household is selected more than once as the result of sepa-

rate and distinct certification actions, the case record shall be reviewed each time. The need for timely information to State and Federal managers is critical during this period. The selection of sample cases shall be made promptly if reviews are to be completed as early as possible. The use of supplementary lists can expedite the selection of sample cases, and their use is recommended. A segment of the monthly frame might be compiled early in the sample month and sample cases could be selected and reviewed almost immediately. Later in the sample month, the frame would be extended by adding those households not included in the earlier segment, and the selection of sample cases would be continued.

(v) *Estimates.* Methods of estimating the number of cases certified and converted to the new program standards and the number of case actions with deficiencies are dependent upon the sample design and the administrative procedures in each State. Estimates of the case deficiency rate can rely on standard estimates of population proportions with appropriate extensions to more complicated sample designs. In those States which select the modified quality control sample from a list of participating or certified eligible households, the number of cases certified and converted to the new standards may be used to estimate the proportion of such households in the population. In some States, an actual count of the number of certification actions in the sample month may be available in the project and/or State office. Some State agencies may be able to provide comparable data by modifying computer files to indicate those households certified and converted to the new standards. A monthly search of those files would then yield the required count. The specific means of providing these estimates shall be included in each State agencies' sampling plan.

(vi) *Sampling plan.* All sampling procedures used by a State agency for the duration of the modified QC System shall be fully documented and available for review by FNS. Prior to March 1, 1979, State agencies shall submit a sampling plan to the appropriate FNS Regional Office for approval which shall include:

- (A) Estimates of the average monthly number of certified households and the monthly number of negative cases used in determining sample size;
- (B) A description of the sample frames for the active and negative universes;
- (C) A description of the sample design for the active and negative samples; and
- (D) Procedures for estimating the number of cases certified and converted to the new program standards and

the number of case actions with deficiencies.

To receive approval, proposals of sample designs other than systematic or simple random sampling shall conform to the principles of probability sampling and provide population estimates with equivalent or or better precision than would be obtained by a simple random design with the specified sample size.

(8) *Analysis and evaluation of findings.* Modified quality control review results will provide timely information to management at the local, State and Federal levels concerning potential problems in converting caseloads under the provisions of the Food Stamp Act of 1977 and its regulations. State agencies are required to analyze and evaluate the data generated by the modified QC System on a Statewide basis and on an individual project area basis. Analyzing and evaluating these results will aid State agencies in formulating corrective action to eliminate pervasive deficiencies and enable the State agency to effect corrective action at the local level on a more timely basis. State agencies shall provide individual project areas in which cases were reviewed with a copy of Form FNS-132 for each review completed and a copy of the State agency's analysis for the individual project area. In addition, project areas will conduct their own analysis of project area deficiencies. Project areas are required to initiate action to correct individual cases and reduce pervasive deficiencies identified in their own and State agency's analysis. State agencies shall not consider the satisfaction of FNS reporting requirements without further data analysis as fulfilling their responsibilities for the modified QC System.

(9) *Corrective action.* The focus of the modified quality control reviews is on locating types of deficiencies made in applying the certification procedures and determining the causal factors. State agencies are required to take immediate corrective action upon discovery of major deficiencies through modified quality control reviews and maintain a rate of caseload conversion to ensure 100 percent conversion at the end of the caseload conversion period. State agencies shall address corrective action to major deficiencies specifying the timeframes when these corrective actions will be completed. This shall become a part of the State agency's targeted corrective action plan described in the August 11, 1978, Notice of Intent. While emphasis is placed on identifying and correcting areas with major deficiencies, deficiencies in individual cases must also be corrected.

(10) *Reporting requirements.* Exhibit 2 contains a copy of Form FNS-133, Status of Sample Cases Under the

Modified Quality Control System, and instructions for its completion. This report includes the estimated number of active and negative case actions, a count of the cases selected and completed each month, and the number of case actions with deficiencies. State agencies shall submit Form FNS-133 reflecting activity for the previous month by the 15th of each month, e.g., cases certified, converted, denied and terminated in March shall be reviewed and the findings reported to FNS no later than April 15. Form FNS-133 shall be submitted as follows: Original to:

Director, Performance Reporting Division, Family Nutrition Programs, Food and Nutrition Service, U.S. Department of Agriculture, Washington, DC 20250.

Duplicate to the appropriate FNS Regional Office. A supply of pre-addressed envelopes is available through the applicable FNS Regional Office.

(11) *Record retention.* In order to be readily accessible, Form FNS-132 and all other material supporting the review findings shall be retained and filed in an orderly sequence. Precaution shall be taken to assure that those records are retained without loss or destruction for the period required by Food Stamp Program Regulations. Information obtained on individual households for quality control purposes shall be safeguarded in accordance with FNS policies on disclosure of information for the Food Stamp program as contained in § 272.1(c) of the regulations. Upon request the State agency shall provide FNS photocopies of Form FNS-132 and any other materials supporting the review findings for cases selected in the sample for the duration of the modified QC System.

(12) *Monitoring.* FNS Regional Offices shall monitor the effectiveness of the State agencies' corrective action measures initiated as a result of the modified quality control reviews under the targeted E&E System and work with State agencies to resolve problems associated with the implementation process.

(91 Stat. 958, as amended (7 U.S.C., 2011-2027).)

NOTE.—The Food and Nutrition Service has determined that this document does not contain a major proposal requiring preparation of an Economic Impact Statement under Executive Order 11821 and OMB Circular A-107.

(Catalog of Federal Domestic Assistance Programs No. 10.551, Food Stamps.)

NOTE.—The reporting and/or recordkeeping requirements contained herein have been approved by the Office of Management and Budget in accordance with the Federal Reports Act of 1942.

RULES AND REGULATIONS

Dated: February 5, 1979.

CAROL TUCKER FOREMAN,
Assistant Secretary.

EXHIBIT 1

INSTRUCTIONS FOR COMPLETION OF FORM FNS-132, MODIFIED QUALITY CONTROL REVIEW WORKSHEET

This form is to be completed for all active and negative cases selected in the sample. In Section I, Identifying Information, the reviewer shall enter information regarding the household. In Section II, Review Elements, the reviewer shall enter all deficiencies. In addition, the reviewer shall place a check in the "Reviewed" column to indicate that the element or subelement has been examined. If a deficiency exists in an element or subelement, the reviewer shall enter a check under the appropriate causal factor. If no deficiencies exist in an element or subelement, the reviewer shall make no entry under causal factors in Section II. If the reviewer is unable to determine whether deficiencies exist in an element or subelement, a deficiency shall be recorded under documentation; however, no other deficiencies shall be recorded for that element or subelement.

I IDENTIFYING INFORMATION

- Item 1—*Case Name*. Enter the case name as it appears on the food stamp application worksheet.
- Item 2—*County and State*. Enter the name of the county and State in which the case action took place.
- Item 3—*Food Stamp Case Number*. Enter the food stamp case number as it appears on the food stamp application worksheet.
- Item 4—*Certification Date*. For active cases record the date of the latest certification action. For negative cases record the date of the local agency's decision to deny or terminate the case.
- Item 5—*Quality Control Review Number*. Enter the review number supplied by the State office.
- Item 6—*Sample Month*. Enter the month for which the case was selected for review.
- Item 7—*Sample Frame*. Check the appropriate box to indicate the sample frame from which the case action was selected.
- Item 8—*Disposition*. Check the appropriate box to indicate the final disposition of each case selected in the sample to show whether the case is completed, not completed, or not subject to review.
- Item 9—*Review Findings (Completed Cases Only)*. Check the appropriate box to indicate whether a deficiency exists in the case. Leave this item blank if the case is not completed or not subject to review.
- Item 10—*Type of Case (Completed Cases Only)*. Check the appropriate box to indicate if the case is a new application, a recertification, a conversion, a denial or a termination.
- Item 11—*Sample Case Characteristics (Completed Cases Only)*. Check the appropriate box to indicate if the household receives an AFDC or GA, or an SSI grant. If the household does not receive one of these grants, leave this item blank.
- Item 12—*Reviewer*. Enter the full name of the person conducting the review.

Item 13—*Date Assigned*. Enter the date (month, day and year) the case was assigned to the reviewer.

Item 14—*Dated Completed*. Enter the date (month, day and year) the review was completed. If the case was returned to the reviewer by the supervisor for further action also enter the revised completion date.

Item 15—*Supervisor*. Enter the full name of the reviewer's supervisor.

Item 16—*Date Cleared*. Enter the date the supervisor cleared the review for statistical processing.

II REVIEW ELEMENTS

Items 1-10—*Review Elements*. Items 1-10 are elements which are to be reviewed. Some of these elements are divided into subelements. For example: 1. Household Concept (element), c. Citizenship and alien status (subelement). Record deficiencies on the worksheet under the appropriate causal factor(s) (policy application, verification, documentation, or computation). Verification is divided into "required" and "not required" columns. A check shall be made in the "required" column whenever the reviewer determines that the EW did not verify information which is either required to be verified by the regulations or seemed questionable. A check shall be made in the "not required" column when the EW has gone beyond the bounds for verification, i.e. verified information when such verification is not required by the regulations or the information is not questionable. When it is determined that a deficiency exists, place a check under the appropriate causal factor next to the applicable element or subelement. In instances where a deficiency in an element or subelement has more than one cause, place a check in the appropriate columns to indicate each causal factor. For example, if misapplication of policy and a lack of documentation exist in Item 4.e. (Resources-vehicles-FMV), place a check by Item 4.e. under the columns for policy application and documentation. If a deficiency is discovered in a program standard not reflected on the worksheet, place a check next to the relative subelement "Other" under the appropriate causal factor and explain more fully in the "Comments" section.

Item 11—*Comments*. Enter in this space any pertinent comments on the case and identify those subelements which are included in the "Other" categories. In order to analyze deficiencies and plan corrective action, specific information will be needed on the categories of deficiencies. Therefore, when necessary the reviewer will also use the "Comments" section to specify the particular area of an element or subelement in which a deficiency exists. For example, every household member who is not exempted from work registration for the reasons listed in § 273.7(b) of the regulations is required to register for work. If the case file shows that a person receiving unemployment compensation is also registered for work, then a check will be placed under policy application for subelement 3(a) Work Registration, Exemptions. The specific area would be identified in the "Comments" section as "work registration of a person receiving unemployment compensation."

RULES AND REGULATIONS

| PART II—REVIEW ELEMENTS (Continued) | | | | | | |
|--|----------|--------------------|--------------|----|---------------|-------------|
| ITEMS | REVIEWED | CAUSAL FACTORS | | | | |
| | | POLICY APPLICATION | VERIFICATION | | DOCUMENTATION | COMPUTATION |
| | | | R | NR | | |
| 5. INCOME | | | | | | |
| a. WAGES AND SALARIES | | | | | | |
| b. SELF-EMPLOYMENT | | | | | | |
| c. UNEARNED INCOME | | | | | | |
| d. EDUCATIONAL GRANTS, SCHOLARSHIPS OR LOANS | | | | | | |
| e. EXCLUSIONS | | | | | | |
| (1) VENDOR PAYMENTS | | | | | | |
| (2) DEFERRED EDUCATIONAL LOANS, SCHOLARSHIPS, ETC. USED FOR TUITION AND FEES | | | | | | |
| (3) REIMBURSEMENTS | | | | | | |
| (4) OTHER EXCLUSIONS | | | | | | |
| f. OTHER INCOME | | | | | | |
| 6. DEDUCTIONS | | | | | | |
| a. STANDARD | | | | | | |
| b. EARNED INCOME | | | | | | |
| c. DEPENDENT CARE | | | | | | |
| d. SHELTER COSTS | | | | | | |
| e. STANDARD UTILITY ALLOWANCE | | | | | | |
| 7. DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS | | | | | | |
| a. MONTH OF APPLICATION | | | | | | |
| b. DETERMINING INCOME | | | | | | |
| (1) IN MONTH RECEIVED | | | | | | |
| (2) ANTICIPATING | | | | | | |
| (3) AVERAGING | | | | | | |
| c. DETERMINING DEDUCTIONS | | | | | | |
| (1) AS BILLED EXPENSES | | | | | | |
| (2) AVERAGING | | | | | | |
| (3) ANTICIPATING | | | | | | |
| d. CALCULATING NET INCOME AND BENEFIT LEVELS | | | | | | |
| (1) NET MONTHLY INCOME | | | | | | |
| (2) MAXIMUM INCOME ELIGIBILITY STANDARD | | | | | | |
| (3) THRIFTY FOOD PLAN FOR HOUSEHOLD SIZE REDUCED BY 30% OF NET INCOME | | | | | | |
| (4) \$10 MINIMUM ALLOTMENT | | | | | | |
| e. CERTIFICATION PERIOD | | | | | | |

| PART II—REVIEW ELEMENTS (Continued) | | | | | | |
|---|----------|--------------------|----------------|----|---------------|-------------|
| ITEMS | REVIEWED | CAUSAL FACTORS | | | | |
| | | POLICY APPLICATION | - VERIFICATION | | DOCUMENTATION | COMPUTATION |
| | | | R | NR | | |
| 8. NOTICES | | | | | | |
| a. ELIGIBILITY | | | | | | |
| b. DENIAL | | | | | | |
| c. PENDING | | | | | | |
| d. ADVERSE ACTION | | | | | | |
| e. EXPIRATION | | | | | | |
| 9. APPLICATION PROCESS | | | | | | |
| a. OUT-OF-OFFICE SERVICE | | | | | | |
| b. 30-DAY PROCESSING | | | | | | |
| c. EXPEDITED SERVICE | | | | | | |
| (1) ENTITLEMENT—ZERO NET MONTHLY INCOME | | | | | | |
| (2) ENTITLEMENT—DESTITUTE DETERMINATION | | | | | | |
| (3) DELIVERY STANDARDS | | | | | | |
| d. PA AND GA APPLICATIONS | | | | | | |
| e. RECERTIFICATION | | | | | | |
| f. OTHER | | | | | | |
| 10. PROCESSING CHANGES | | | | | | |
| a. INCREASES IN BENEFITS | | | | | | |
| b. DECREASES IN BENEFITS | | | | | | |
| c. OTHER | | | | | | |
| 11. COMMENTS | | | | | | |

RULES AND REGULATIONS

[3410-30-M]

EXHIBIT 2

INSTRUCTIONS FOR COMPLETION OF FORM FNS-133, STATUS OF SAMPLE CASES UNDER THE MODIFIED QUALITY CONTROL SYSTEM

The information to be submitted on this form refers to sample cases selected and reviews completed for active and negative cases during the month for which the report is prepared. In addition, this report shall include the estimated total active caseload, the estimated number of active and negative case actions, and the number of case deficiencies.

On the top portion of the form, enter the name of the State, the estimated total active caseload for the sample month, and the month for which the report is prepared.

I. MONTHLY CASE ACTIONS UNDER THE FOOD STAMP ACT OF 1977

Item A—*Estimated Monthly Case Actions.*

Record the estimated number of new applications, recertifications, conversions, denials and terminations under the Food Stamp Act of 1977. Enter the total number of estimated monthly case actions for both active and negative cases.

Item B—*Sample Cases Selected: Total.*

Record the total number of new applications, recertifications, conversions, denials and terminations selected for review. 1. *Not Subject to Review.* Record the total number of active and negative cases selected in the sample which were not subject to review. 2. *Not Completed.* Record the total number of active and negative cases selected for review which were not completed. All cases which are selected during the month, but not completed in time for inclusion in the FNS-133 report for that month are to be recorded as "not completed" rather than held over for completion in the following month. 3. *Completed/No Deficiency.* Record in the appropriate columns the numbers of cases which were selected for review and completed, and contained no deficiencies. 4. *Completed/Deficiency.* Record in the appropriate columns the number of cases which were selected for review and completed, and contained deficiencies.

Item C—*Sample Case Characteristics.*

Record in the appropriate columns the number of completed cases with specific characteristics. 1. *AFDC or GA.* Record the number of cases with income from AFDC or GA grants. 2. *SSI.* Record the number of cases with income from SSI grants.

II. ANALYSIS OF CASE DEFICIENCIES

This section of the form is intended to reflect the number of deficiencies detected in each of the review elements. Record the total number of deficiencies under the appropriate causal factor on the line corresponding to each of the review elements and subelements.

Enter in the "Comments" section, items of significance as a result of the analysis of deficiencies on a Statewide and project area basis. This section is not intended to be a summation of the comments reflected on Forms FNS-132.

| U.S. DEPARTMENT OF AGRICULTURE FOOD AND NUTRITION SERVICE | | | | | | | | | | |
|--|---------------------------------|-----------------------|-----------------------|-------------------------|------------------|-------------------------|-------------------|----|-------------------------|------------------|
| STATUS OF SAMPLE CASES UNDER THE MODIFIED QUALITY CONTROL SYSTEM | | | | | | | | | | |
| STATE | ESTIMATED TOTAL ACTIVE CASELOAD | | | | FOR THE MONTH OF | | | | | |
| | | | | | 1979 | | | | | |
| I. MONTHLY CASE ACTIONS UNDER THE FOOD STAMP ACT OF 1977 | ACTIVE CASES | | | | NEGATIVE CASES | | | | | |
| | TOTAL | NEW APPLI- CATIONS | RECERTIFI- CATIONS | CONVER- SIONS | TOTAL | DENIALS | TERMINA- TIONS | | | |
| A. ESTIMATED MONTHLY CASE ACTIONS | | | | | | | | | | |
| B. SAMPLE CASES SELECTED: TOTAL | | | | | | | | | | |
| 1. NOT SUBJECT TO REVIEW | | | | | | | | | | |
| 2. NOT COMPLETED | | | | | | | | | | |
| 3. COMPLETED/NO DEFICIENCY | | | | | | | | | | |
| 4. COMPLETED/DEFICIENCY | | | | | | | | | | |
| C. SAMPLE CASE CHARACTERISTICS | | | | | | | | | | |
| 1. AFDC OR GA | | | | | | | | | | |
| 2. SSI | | | | | | | | | | |
| II. ANALYSIS OF CASE DEFICIENCIES | CAUSAL FACTORS | | | | | | | | | |
| | POLICY APPLI- CATION | VERIFICATION | | DOCU- MENTA- TION | COMPU- TATION | POLICY APPLI- CATION | VERIFICATION | | DOCU- MENTA- TION | COMPU- TATION |
| | | R | NR | | | | R | NR | | |
| 1. HOUSEHOLD CONCEPT | | | | | | | | | | |
| a. COMPOSITION | | | | | | | | | | |
| b. NONHOUSEHOLD MEMBERS | | | | | | | | | | |
| (1) BOARDERS | | | | | | | | | | |
| (2) STUDENTS/TAX DEPENDENCY | | | | | | | | | | |
| (3) DISQUALIFIED INDIVIDUALS | | | | | | | | | | |
| (4) OTHER NONHOUSEHOLD MEMBERS | | | | | | | | | | |
| c. CITIZENSHIP AND ALIEN STATUS | | | | | | | | | | |
| d. OTHER | | | | | | | | | | |
| 2. RESIDENCY | | | | | | | | | | |
| 3. WORK REGISTRATION | | | | | | | | | | |
| a. EXEMPTIONS | | | | | | | | | | |
| b. STUDENTS | | | | | | | | | | |
| c. OTHER | | | | | | | | | | |
| 4. RESOURCES | | | | | | | | | | |
| a. MAXIMUM ALLOWABLE | | | | | | | | | | |
| b. LIQUID | | | | | | | | | | |
| c. NONLIQUID | | | | | | | | | | |
| d. EXCLUSIONS | | | | | | | | | | |
| e. VEHICLES- FAIR MARKET VALUE | | | | | | | | | | |
| f. VEHICLES- EQUITY/VALUATION | | | | | | | | | | |
| g. OTHER RESOURCES | | | | | | | | | | |

| II. ANALYSIS OF CASE DEFICIENCIES (Continued) | ACTIVE CASES | | | | NEGATIVE CASES | | | | | |
|---|-------------------------|--------------|----|-------------------------|------------------|-------------------------|--------------|----|-------------------------|------------------|
| | POLICY APPLI- CATION | VERIFICATION | | DOCU- MENTA- TION | COMPU- TATION | POLICY APPLI- CATION | VERIFICATION | | DOCU- MENTA- TION | COMPU- TATION |
| | | R | NR | | | | R | NR | | |
| 5. INCOME | | | | | | | | | | |
| a. WAGES AND SALARIES | | | | | | | | | | |
| b. SELF-EMPLOYMENT | | | | | | | | | | |
| c. UNEARNED INCOME | | | | | | | | | | |
| d. EDUCATIONAL GRANTS, SCHOLARSHIPS OR LOANS | | | | | | | | | | |
| e. EXCLUSIONS | | | | | | | | | | |
| (1) VENDOR PAYMENTS | | | | | | | | | | |
| (2) DEFERRED EDUCATIONAL LOANS, SCHOLARSHIPS, ETC. USED FOR TUITION AND FEES | | | | | | | | | | |
| (3) REIMBURSEMENTS | | | | | | | | | | |
| (4) OTHER EXCLUSIONS | | | | | | | | | | |
| f. OTHER INCOME | | | | | | | | | | |
| 6. DEDUCTIONS | | | | | | | | | | |
| a. STANDARD | | | | | | | | | | |
| b. EARNED INCOME | | | | | | | | | | |
| c. DEPENDENT CARE | | | | | | | | | | |
| d. SHELTER COSTS | | | | | | | | | | |
| e. STANDARD UTILITY ALLOWANCE | | | | | | | | | | |
| 7. DETERMINING HOUSEHOLD ELIGIBILITY AND BENEFIT LEVELS | | | | | | | | | | |
| a. MONTH OF APPLICATION | | | | | | | | | | |
| b. DETERMINING INCOME | | | | | | | | | | |
| (1) IN MONTH RECEIVED | | | | | | | | | | |
| (2) ANTICIPATING | | | | | | | | | | |
| (3) AVERAGING | | | | | | | | | | |
| c. DETERMINING DEDUCTIONS | | | | | | | | | | |
| (1) AS BILLED EXPENSES | | | | | | | | | | |
| (2) AVERAGING | | | | | | | | | | |
| (3) ANTICIPATING | | | | | | | | | | |
| d. CALCULATING NET INCOME AND BENEFIT LEVELS | | | | | | | | | | |
| (1) NET MONTHLY INCOME | | | | | | | | | | |
| (2) MAXIMUM INCOME ELIGIBILITY STANDARD | | | | | | | | | | |
| (3) THRIFTY FOOD PLAN FOR HOUSE- HOLD SIZE REDUCED BY 30% OF NET INCOME | | | | | | | | | | |
| (4) \$10 MINIMUM ALLOTMENT | | | | | | | | | | |
| e. CERTIFICATION PERIOD | | | | | | | | | | |

| II. ANALYSIS OF CASE DEFICIENCIES (Continued) | ACTIVE CASES CAUSAL FACTORS | | | | NEGATIVE CASES CAUSAL FACTORS | | | | | |
|--|--------------------------------|--------------|----|-------------------------|----------------------------------|----------------------------|--------------|----|-------------------------|------------------|
| | POLICY APPLI- CATION | VERIFICATION | | DOCU- MENTA- TION | COMPU- TATION | POLICY APPLI- CATION | VERIFICATION | | DOCU- MENTA- TION | COMPU- TATION |
| | | R | NR | | | | R | NR | | |
| 8. NOTICES | | | | | | | | | | |
| a. ELIGIBILITY | | | | | | | | | | |
| b. DENIAL | | | | | | | | | | |
| c. PENDING | | | | | | | | | | |
| d. ADVERSE ACTION | | | | | | | | | | |
| e. EXPIRATION | | | | | | | | | | |
| 9. APPLICATION PROCESS | | | | | | | | | | |
| a. OUT-OF-OFFICE SERVICE | | | | | | | | | | |
| b. 30-DAY PROCESSING | | | | | | | | | | |
| c. EXPEDITED SERVICE | | | | | | | | | | |
| (1) ENTITLEMENT—ZERO NET MONTHLY INCOME | | | | | | | | | | |
| (2) ENTITLEMENT—DESTITUTE DETERMINATION | | | | | | | | | | |
| (3) DELIVERY STANDARDS | | | | | | | | | | |
| d. PA & GA APPLICATIONS | | | | | | | | | | |
| e. RECERTIFICATION | | | | | | | | | | |
| f. OTHER | | | | | | | | | | |
| 10. PROCESSING CHANGES | | | | | | | | | | |
| a. INCREASES IN BENEFITS | | | | | | | | | | |
| b. DECREASES IN BENEFITS | | | | | | | | | | |
| c. OTHER | | | | | | | | | | |
| 11. COMMENTS | | | | | | | | | | |