



BILLING CODE 3410-30-P

DEPARTMENT OF AGRICULTURE

Food and Nutrition Service

Agency Information Collection Activities: Proposed collection; Comment Request –

Understanding the Anti-Fraud Measures of Large SNAP Retailers

AGENCY: Food and Nutrition Service (FNS), USDA.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, the USDA Food and Nutrition Service (FNS) invites the general public and other public agencies to comment on this proposed information collection. This is a new collection for the purpose of learning about the types of Supplemental Nutrition Assistance Program (SNAP) related fraud activity observed by large retailers and the methods they use to prevent fraud and minimize their losses. The goal of the information collection is to learn more about the types of SNAP fraud that occur in large retailer settings; document retailer practices to detect, deter, and deal with fraud (collectively known as loss prevention or loss prevention practices); and determine which practices could provide information that would help FNS in detecting and preventing SNAP fraud.

DATES: Written comments must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the time and cost burden for this proposed collection, including the

validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the reporting burden on those who are asked to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

Comments may be sent to Eric Sean Williams, Food and Nutrition Service, USDA, 3101 Park Center Drive, Room 1014, Alexandria, VA 22312. Comments may also be submitted via fax to the attention of Eric Sean Williams at (703) 305-2576 or via email to Eric.Williams@fns.usda.gov.

Comments will also be accepted through the Federal eRulemaking Portal. Go to <http://www.regulations.gov> and follow the online instructions for submitting comments electronically.

All written comments will be open for public inspection at the office of FNS during regular business hours (8:30 a.m. to 5:00 p.m., Monday through Friday) located at 3101 Park Center Drive, Room 1014, Alexandria, Virginia, 22312.

All responses to this notice will be summarized and included in the request for OMB approval. All comments will be a matter of public record.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of this information collected should be directed to Eric Sean Williams, Office of Policy Support, Food and Nutrition Service, USDA, 3101 Park Center Drive, Room 1014, Alexandria, VA 22302.

SUPPLEMENTARY INFORMATION:

Title: Understanding the Anti-Fraud Measures of Large SNAP Retailers

OMB Number: 0584-NEW

Expiration Date: Not Yet Determined

Abstract: FNS is responsible for authorizing retailers for participation in SNAP as well as monitoring their compliance with applicable regulations. Fraud in the context of SNAP can come from client-level program violations or retailer-level fraud. The latter, which is the focus of this study, can involve different actions such as the buying and selling of benefits or selling ineligible items like alcohol and tobacco. FNS believes that any type of fraud in SNAP weakens the program by diverting benefits from the intended purpose of helping low-income Americans purchase food and undermining the public confidence in the program. Thus, the Agency continually seeks new ways to detect and prevent fraud.

Research has consistently demonstrated that fraud rates are lowest among large retailers. There are several theories for why this may be true, one of which is that large regional or national retail chains of stores have sophisticated loss prevention systems that prevent or detect numerous types of fraud. Thus, a loss prevention system built to discover an employee engaging in credit card fraud could easily be modified to detect an employee engaging in SNAP benefit fraud. Similarly, a system built to prevent internal theft may be able to detect the sale of ineligible items.

Despite theories as to why large stores have low SNAP fraud rates, there is limited understanding of how they prevent SNAP fraud. If internal loss prevention systems prevent SNAP fraud, then it is possible that a better understanding of large store procedures could help FNS refine its procedures for detecting and reducing retailer-level

fraud. Thus, FNS desires to understand more about the steps large retailers take to protect themselves from fraud in general and SNAP fraud specifically.

The information collection activities to be undertaken subject to this notice include: Survey of Companies that own/franchise large SNAP authorized retail chains: Surveys will be administered to company SNAP representatives in companies that own, franchise and/or have cooperative agreements with the largest chains of SNAP-authorized stores. These include super store chains, large supermarket chains, convenience store chains, and other chain stores that sell a combination of food and other products, such as household products, pharmaceuticals, or gasoline. The surveys will address the loss prevention systems used by these companies.

Survey of SNAP Authorized Stores owned/franchised/affiliated with large retail chains: Surveys will be administered to managers of super stores, large supermarkets, convenience stores and other chain stores that sell a combination of food and other products. The surveys will address fraud detection and prevention policies and practices.

This study does not seek to represent all SNAP retailers. It targets the practices of one segment of the SNAP authorized retailer population—the largest retail chains. These chains are likely to have the most sophisticated loss prevention systems. Therefore, the study includes the large national and regional chain retailers responsible for transacting about half of all SNAP redemptions. A total of the 35 largest retail corporations and a sample of 2,000 of their store outlets are expected to respond to surveys.

Company SNAP representatives and store managers will be asked questions regarding organizational structure, roles and responsibilities, and tactics used to limit or eliminate fraud in general and SNAP fraud in particular. At a minimum the following

fraud abatement methods will be studied at the corporate and store levels: point of sale systems, analytics, training, surveillance, investigation, and liaison with law enforcement. The surveys will be administered using a web-based survey tool.

Companies and SNAP authorized stores that do not respond to the web-based surveys will receive internet reminders. Those that still do not respond will receive a telephone call through a Computer Aided Telephone Interviewing (CATI) system where trained interviewers will prompt the participant to respond to the survey online or to complete the survey by telephone via CATI.

Affected Public: Businesses-for-and-not-for-profit (4,054):

A total of 45 large companies with stores participating in SNAP, and 4,000 SNAP authorized company owned and operate stores, franchised stores or affiliated stores and 5 pretest companies.

Estimated Number of Respondents: 4,054.

Estimated Number of Responses per Respondent: 2.4430

Estimated Number of Annual Responses: 9,904.

Estimated Time per Response: 0.11378

Pretesting the company surveys will take a total of 10 hours (four 2.5-hour interviews), and pretesting the store surveys will take 5 hours (five 1-hour interviews).

FNS plans to contact 45 companies. We anticipate the SNAP representative at 35 companies will respond and spend 1.65 hours identifying key informants and compiling information from various organizational units involved in SNAP. They are likely to include human resources (for training), loss prevention (for loss prevention management and loss prevention procedures used), point of sale management and analytics. The

company SNAP representative will spend between .25 (web-based response) to .33 (CATI survey response) hours completing the survey, including time to report on SNAP-specific activities and policies carried out by the SNAP representative and information compiled from other units involved in SNAP. Managers of 2,000 stores will spend an average of .4 hours each to respond to the Store Manager Survey.

Estimated Total Annual Burden on Respondents: 1,126.9 hours.

See the burden table below for estimated total burden for each type of business respondent and non-respondents.

Affected Public	Respondent (Appendix)	Sample Size	Estimated Sample Size and Response Burden										Grand Total
			Responses					Non-Responses					
			Est. # of Respondents	Est. Frequency of Responses	Est. Total Annual Responses	Hours per Response	Est. Total Burden Hours (Respondents)	Est. # of Non-Respondents	Est. Frequency of Non Responses	Est. Total Annual Non-Response	Hours per Non Response	Est. Burden Hours (Non-Respondents)	
Profit/Nonprofit Businesses: Retailers— large food retail chains	Company-Pretest	4	4	1	4	2.5	10.00	0	1	0	0	0	10.00
	Company-Invitation Email	45	35	1	35	0.06	2.10	10	1	10	0.02	0.2	2.30
	Company-Reminder Email	40	30	1	30	0.03	0.90	10	1	10	0.01	0.1	1.00
	Company-Reminder Telephone Call	30	20	1	20	0.06	1.20	10	1	10	0.01	0.1	1.30
	Company-Compile Information on Organization and Mgmt.	35	35	1	35	0.5	17.50	0	1	0	0	0	17.50
	Company-Compile Information on Training	35	35	1	35	0.2	7.00	0	1	0	0	0	7.00
	Company-Compile Information on Surveillance Systems	35	35	1	35	0.15	5.25	0	1	0	0	0	5.25
	Company-Compile Information on Investigation	35	35	1	35	0.15	5.25	0	1	0	0	0	5.25
	Company-Compile Information on Liaison with Law Enforcement	35	35	1	35	0.15	5.25	0	1	0	0	0	5.25
	Company- Compile Information on Point of Sale Systems	35	35	1	35	0.25	8.75	0	1	0	0	0	8.75
	Company-Compile Information on Analytics	35	35	1	35	0.25	8.75	0	1	0	0	0	8.75
	Company-Input Data via Web-based Survey	25	25	1	25	0.25	6.25	0	1	0	0	0	6.25
	Company-Respond via Computer-Assisted Telephone Interview Survey	10	10	1	10	0.33	3.30	0	1	0	0	0	3.30
	Store-Pretest	5	5	1	5	1	5.00	0	1	0	0	0	5.00
	Store-Invitation Email	4000	2000	1	2000	0.06	120.00	2000	1	2000	0.02	40	160.00
	Store-Reminder Email	2500	1000	1	1000	0.03	30.00	1500	1	1500	0.01	15	45.00
	Store-Reminder Telephone Call	1000	500	1	500	0.06	30.00	500	1	500	0.01	5	35.00
Store-Respond via Web-based	1500	1500	1	1500	0.4	600.00	0	1	0	0	0	600.00	

	Survey												
	Store-Respond via Computer-Assisted Telephone Interview	500	500	1	500	0.4	200.00	0	1	0	0	0	200.00
Total		4054	2044	2.8738	5629	0.1895	1066.50	2010	2.005	4030	0.015	60.4	1126.90

Dated: March 8, 2016.

Audrey Rowe,
 Administrator,
 Food and Nutrition Service.

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