



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 FROM 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 Williams, Office of Policy Support, Food and Nutrition Service, USDA, 3101 Park Center Drive, Room 1014, Alexandria, VA 22302. Requests for additional information or copies of the

information collected may also be submitted via fax to the attention of Eric Williams at (703) 305-2576 or by email to Eric.Williams@fns.usda.gov.

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.

There is no recordkeeping burden involved in this data collect. The reporting burden identified below reflects the total number of respondents who will participate fully and total number of non-respondents who take in part or chose not to participate fully in this study.

Affected Public: Businesses-for-and-not-for-profit (4,049):

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: 4,049.

Estimated Number of Responses per Respondent: 2.1588

Estimated Number of Annual Responses: 8,741.

Estimated Time per Response: 0.2258 hours.

Pretesting the company surveys will take a total of 4 hours (two 2-hour interviews), and pretesting the store surveys will take 4 hours (two 2-hour interviews).

FNS plans to contact 45 companies. We anticipate the SNAP representative at 35 companies will respond and spend 0.75 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 0.75 (web-based response or 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 0.75 hours each to respond to the Store Manager Survey.

Estimated Total Annual Burden on Respondents: 1,974.43 hours.

See the burden table (Table 1) below for estimated total burden for each type of business respondent and non-respondents.

Dated: March 13, 2017

Jessica Shahin,
Acting Administrator,
Food and Nutrition Service.

Table 1: Estimated Total Burden

		Estimated Sample Size and Response Burden											Grand Total
		Responses						Non-Responses					Grand Total
Affected Public	Respondent (Appendix)	Sample Size	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 Non-Annual Responses	Hours per Non-Response	Est. Burden Hours (Non-Respondents)	Est. Grand Total Burden Hours
Profit/Nonprofit Businesses: Retailers—large food retail companies	Pretest	2	2	1	2	2	4.00	3	1	3	0.25	0.75	4.75
	FNS Survey Announcement	45	35	1	35	0.06	2.10	10	1	10	0.02	0.2	2.30
	Recruitment phone call	45	35	1	35	0.25	8.75	10	1	10	0.25	2.5	11.25
	Invitation Email	45	35	1	35	0.06	2.10	10	1	10	0.02	0.2	2.30
	Reminder Email 1	45	5	1	5	0.06	0.30	40	1	40	0.01	0.4	0.70
	Reminder Email 2	35	5	1	5	0.06	0.30	30	1	30	0.01	0.3	0.60
	Reminder Email 3	30	5	1	5	0.06	0.30	25	1	25	0.01	0.25	0.55
	Reminder Email 4	20	5	1	5	0.03	0.15	20	1	20	0.01	0.2	0.35
	Reminder Telephone Call	15	1	1	1	0.083	0.08	10	1	10	0.01	0.1	0.18
	Compile Information	35	35	1	35	0.75	26.25	0	1	0	0	0	0
Input Data via Web-based Survey	25	25	1	25	0.75	18.75	0	1	0	0	0	0	18.75
Respond via Computer-Assisted Telephone Interview Survey (CATI)	10	10	1	10	0.75	7.50	0	1	0	0	0	0	7.50
Profit/Nonprofit Businesses: Retailers—large food retail chain stores	Pretest	2	2	1	2	2	4.00	3	1	3	0.25	0.75	4.75
	Survey Announcement	2000	2000	1	2000	0.06	120.00	0	1	0	0.02	0	120.00
	Invitation Email	2000	2000	1	2000	0.06	120.00	0	1	0	0.02	0	120.00
	Reminder Email 1	1800	200	1	1400	0.03	42.00	1600	1	1600	0.01	16	58.00
	Reminder Email 2	1600	400	1	400	0.03	12.00	1200	1	1200	0.01	12	24.00
	Reminder Email 3	1200	600	1	600	0.03	18.00	600	1	600	0.01	6	24.00
	Reminder Email 4	600	200	1	200	0.03	6.00	400	1	500	0.01	5	11.00
	Reminder Telephone Call	400	400	1	400	0.083	33.20	400	1	400	0.01	4	37.20
	Compile Information and Respond via Internet	1900	1900	1	1900	0.75	1425.00	0	1	0	0	0	0
Compile Information and Respond by CATI	100	100	1	100	0.75	75.00	0	1	0	0	0	0	75.00
Total		4,049	2039	2.295	4680	0.4115	1925.78	2010	2.02	4061	0.012	48.65	1974.43

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