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United States  
Department of  
Agriculture

Food and  
Nutrition  
Service

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Room 803

Alexandria, VA  
22302-1500

Subject: Reporting Expenditures of Supplemental Nutrition Assistance Program  
(SNAP) Funding in Connection With A-133 Single Audits

To: Regional Administrators  
All Regions

This memorandum provides guidance on reporting expenditures of SNAP funds in order to comply with reporting requirements of Office of Management and Budget (OMB) Circular A-133 and OMB guidance implementing the American Recovery and Reinvestment Act of 2009 (ARRA). It updates our March 14, 2011 subject memorandum. That document pertained to A-133 audits of Fiscal Year 2010, but concluded with a promise to provide updated information for use by State agencies in preparing documents related to future A-133 audits. Such information pertaining to Fiscal Year 2011 audits is provided herein.

I. Guidance for States.

A. SNAP Benefits (CFDA 10.551).

A State shall report its total expenditures for SNAP benefits in the body of the Schedule of Expenditures of Federal Awards (SEFA) and in Part III, Item 9 (Federal Awards Expended During the Fiscal Year) of the Single Audit Data Collection Form (SF-SAC). In addition, the State shall include the following statement as a Note to the SEFA:

“The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households’ income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 16.55 percent of USDA’s total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2011.”

B. SNAP Administrative Funds (CFDA No. 10.561).

A State’s SEFA and SF-SAC must SEPARATELY PRESENT the regular and ARRA components of its expenditures for SNAP administrative costs, as follows:

“10.561 Supplemental Nutrition Assistance Program (Administrative Costs)  
“10.561 ARRA – Supplemental Nutrition Assistance Program (Administrative Costs)”

## II. Guidance for Counties.

### A. SNAP Benefits.

A county must NOT report expenditures for SNAP benefits in its SEFA or its SF-SAC. This is because SNAP benefits are provided exclusively by electronic benefits transfer (EBT). In an EBT environment, there is no pass-through of Federal funds for SNAP benefits as these funds do not pass through the hands of county agencies. Rather, benefits are processed and expenditures determined by State-level EBT systems. With respect to counties, therefore, SNAP benefits do not meet the definitions of “Federal award” and “Federal financial assistance” in section 105 of A-133 (codified by USDA at 7 CFR section 3052.105).

### B. SNAP Administrative Funds.

1. A county in a State where the SNAP is State-administered MUST NOT REPORT expenditures for SNAP administrative costs in its SEFA or SF-SAC. This is because program offices in such States are staffed with State employees, who perform all program functions. No SNAP administrative funds are passed through to counties.
2. A county in a State where the SNAP is State-supervised but county-administered MUST REPORT its expenditures for SNAP administrative costs in the same manner as the State (per item I.B., above). Such States pass Federal SNAP administrative funds through to the counties for program functions performed by county agencies. This creates Federal assistance relationships that cast the counties in the role of SNAP sub-grantees.

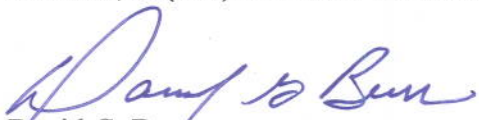
## III. Conclusion.

In addition to reauthorizing the Child Nutrition Programs, the Healthy, Hunger-Free Kids Act of 2010 (Public Law 111-296) imposed a clear sunset date for USDA’s authority to provide SNAP benefits at the enhanced level prescribed and funded by section 101 of the Recovery Act. Section 442 of the new law specifies that the enhanced Recovery Act benefit level shall be terminated not later than October 31, 2013, or when the regular Thrifty Food Plan (TFP) level reaches the enhanced Recovery Act level, whichever occurs first. Previous legislation had mandated and funded the enhanced benefit levels until the regular TFP level reached the enhanced Recovery Act level, with no stated sunset date.

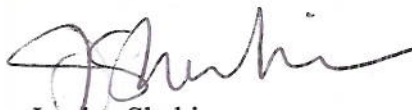
As long as additional Recovery Act funds are made available for this purpose, State agencies must report expenditures for SNAP benefits in their SEFAs and SF-SACs as described above. We will furnish annual updates to the national aggregate percentage of expenditures for SNAP benefits supported by Recovery Act funds as long as needed to inform State agencies. Please note that this extension applies only to Recovery Act funds made available for SNAP benefits; it does not apply to such funds made available for SNAP administrative costs.

Please ensure that this memorandum is shared with your SNAP and Financial Management staffs, SNAP State partners, their auditors, your OIG contacts, and any other interested parties.

Please direct inquiries on this matter to Lael Lubing, Director, Grants and Fiscal Policy Division, at (703) 305-2161 or lael.lubing@fns.usda.gov.



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