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**FOOD AND NUTRITION SERVICES CERTIFICATION**  
**ADDITIONAL REQUIREMENTS**  
**Automated Inquiry and Match Procedures**

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**FNS 605 Automated Inquiry and Match Procedures**  
**Change #2-2013**  
**June 1, 2013**

**605.01 INCOME AND ELIGIBILITY VERIFICATION SYSTEM (IEVS) REQUIREMENTS**

Federal regulations require the State to maintain and use an IEVS. Using the social security number (SSN) for all household members, the State matches information with the following agencies:

Employment Security Commission (DES, UIB)  
Social Security Administration (BENDEX, SDX, TPQY, SOLQ, BEER)  
Internal Revenue Service (FRR)  
Other State agencies (DOT, DOC, ACTS)

- A. Information gained through the IEVS process is used to:
1. Verify eligibility;
  2. Determine the amount of Food and Nutrition Services (FNS) benefits due to eligible FNS units;
  3. Investigate a potential overissuance of FNS benefits; **and**
  4. Obtain information that is used in conducting criminal or civil prosecutions based on the receipt of FNS benefits to which they were not entitled by participating FNS units.
- B. In addition to using the State-produced paper matches, counties are required to conduct on-line matches at application, reapplication or recertification to verify eligibility and reduce the incidence of fraud. Matches are to be completed, when appropriate, to verify reported changes.
- C. Complete appropriate action on paper matches that are "verified upon receipt" within 30 calendar days of the date on the paper match unless adverse action is required FRR's and BEER's are not considered verified upon receipt and no action is taken until the next recertification. If adverse action is required, issue the notice no later than the 30<sup>th</sup> calendar day. For changes considered "verified upon receipt", refer to section 450.04.
- D. Refer to the FSIS Users Manual for instructions regarding access to on-line inquiries for ESC, BENDEX, SDX, TPQY, AND SOLQ.

**605.02 EMPLOYMENT SECURITY ADMINISTRATION (ESC)**

Access to ESC files is available through on-line inquiry. Use on-line inquiry information as part of the eligibility determination process at application, reapplication, and recertification. Information gained through the ESC match is used to discover leads of possible wages, previous work history, potential eligibility for Unemployment Benefits (UIB), and to verify current UIB income. Refer to the FSIS Users Manual for instructions regarding access to the ESC on-line inquiry.

**Applications, Reapplications, and Recertifications**

1. At application, reapplication and recertification request an on-line ESC inquiry. Use all reported SSN's and obtain a screen print of each FNS unit member's wage and UIB data to discover leads of possible wages, previous work history, and potential eligibility for UIB. A positive match is considered a "hit" and requires a screen print to be filed in the case file. A negative match is considered a "no hit". Screen prints are not required for a negative match.

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2. If the inquiry shows the FNS unit member has wages or UIB, compare the place and period of employment and quarterly earnings or the amount of UIB shown by ESC to the information provided by the applicant. Document the findings.
3. Follow up on all leads by discussing them with the applicant. Document the applicant's response. When a discrepancy between the match and the information provided by the applicant is discovered, obtain verification to determine eligibility.
4. If either wages or UIB has been verified and the verification is consistent with the inquiry information, document the screen print. File the screen print in the case file.
5. If either wages or UIB were not reported or is incorrect, contact the household to determine continuing eligibility and to resolve the discrepancy.
6. Evaluate the verification to determine if the FNS household failed to report wages or UIB benefits during a previous application, reapplication or recertification; or failed to report a required change in situation during a previous certification period.
7. If appropriate, follow procedures in Section 800, Claims for overissuance and Section 825, IPV Disqualifications, for suspected Intentional Program Violation (IPV).

**605.03 BENEFICIARY DATA EXCHANGE (BENDEX)**

The BENDEX System is a computer match by SSN between the public assistance case files and social security records. BENDEX files are available through on-line inquiry and individual information sheets. Use on-line inquiry as part of the eligibility determination process at applications, reapplications, and full recertifications.

Take appropriate timely action as specified in 605.01 C. on BENDEX individual information sheets.

A. On-line Inquiry

1. Request an on-line inquiry at application, reapplication, and at each full recertification on every household member using all reported SSN's. Obtain a screen print of each match that shows an amount in the "current payment amount" field. See [Figure 605-3](#) for a description of BENDEX information available on-line. Unless there is a payment listed, no screen print is required.

Refer to the FSIS Users Manual for instructions regarding BENDEX on-line access.

2. If a match is found, take the following actions, and document "hit" in the application workbook checklist. Document the application workbook checklist "no hit" when a match is not found.
  - a. Verify the entitlement amount. Document verification in the application workbook.
  - b. Complete the State On-line Inquiry (SOLQ) or the Third Party Query (TPQY) request to resolve a discrepancy between the FNS unit's statement and the information shown in the BENDEX System.

**NOTE:** It is recommended that the Third Party Query be used to verify alien quarters only.

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- c. If the information was not reported or is incorrect, contact the FNS unit to determine continuing eligibility.
- d. If appropriate, follow procedures in Section 800, Claims, for over-issuance and in Section 825, IPV Disqualifications, for suspected fraud.
- 3. File the screen print of each positive match in the case file. If the information is incorrect, document the case file and wait until the next BENDEX is received.
- 4. Check the BENDEX record for other information that may affect eligibility. If information is found that differs from that reported by the FNS unit, give the FNS unit an opportunity to verify the information from another source.

**B. BENDEX Information Sheets**

BENDEX information sheets (See [Figure 605-3](#) and [Figure 605-4](#).) are mailed to the county in any of the following situations.

- 1. First receipt of social security benefits;
- 2. Increase or decrease in benefits;
- 3. Hospital benefits change;
- 4. A recipient becomes entitled to Supplemental Medicare B insurance; **or**
- 5. There is any other change in the Social Security Administration's Master Beneficiary Requirements.

**C. County Action Requirements**

Take the appropriate timely action as specified in 605.01 C. on BENDEX information sheets.

- 1. Pull the case file. Compare the information on the BENDEX information sheet with the information in the case file.
- 2. If the case file indicates the information on the BENDEX information sheet was previously verified and the verification is consistent with the BENDEX information sheet, document the case file that the BENDEX System was checked. No further action is necessary.
- 3. If the information was not reported or is incorrect, contact the FNS unit to determine continuing eligibility.
- 4. If appropriate, follow procedures in Section 800, Claims, for overissuance and Section 825, IPV Disqualifications, for suspected fraud.

**D. Retention**

Retain the BENDEX information sheet for three years from the date on the sheet.

**605.04 STATE DATA EXCHANGE (SDX)**

The SDX provides detailed information about Supplemental Security Income (SSI) benefits. Access to SDX information is available through on-line inquiry and paper listings. The on-line information is updated daily.

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Use on-line inquiry at application, reapplication, and full recertifications to verify benefit amount and to check for potential receipt of benefits.

A. On-line Inquiry

The on-line inquiry reflects the most current information regarding SSI and is updated daily.

Refer to the FSIS Users Manual for instructions to access SDX information.

1. Perform an on-line inquiry at application, reapplication, and at each recertification for each FNS unit member who is a potential SSI recipient. A potentially eligible recipient is anyone age 65 or over or disabled (including a child). A potentially eligible recipient is also anyone that receives a social security disability check that is less than the maximum SSI benefit.

**NOTE:** A check on all FNS unit members may be conducted at the county's option. However, do not exceed normal processing standards.

2. Use the checklist in the application/recertification workbook to conduct the inquiry. Obtain a screen print of each positive match. File the screen print in the case file. A screen print for negative matches is not required.

3. County Action Requirements

- a. Verify the SSI amount for information that has been reported. Document the application workbook.
- b. Complete the SOLQ or TPQY request to resolve a discrepancy between the FNS unit's statement and the information shown on the SDX.

**NOTE:** It is recommended that the Third Party Query (TPQY) be used to verify alien quarters only.

- c. Contact the FNS unit when the information is not reported or is incorrect.
- d. Follow procedures in Section 800, Claims, for overissuance and Section 825, IPV Disqualifications, for suspected fraud when appropriate.
- e. Check the SDX record for other information that may affect eligibility. When information is discovered that differs from what has been reported by the FNS unit, give the FNS unit an opportunity to verify the information from another source.

B. SDX Data Sheets

SDX Data Sheets (See [Figure 605-5.](#)) provide information regarding accretions, deletions, changes of address, and other changes in situation. Take appropriate timely action as specified in 605.01 C.

Upon receipt of a SDX Data Sheet, check the update against NC FAST. Determine if a FNS unit member has started to receive SSI or has a change in the amount of SSI.

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If a FNS unit member is identified as receiving SSI or has a change in the amount of SSI, take appropriate action to adjust the allotment. Follow instructions in Section 450, Changes within the Certification Period, for acting on a change. Follow instructions in Section 268, Budgeting Stable Income, and Section 270, Budgeting Fluctuating Income, to budget income changes.

**605.05            BENEFICIARY EARNINGS EXCHANGE REPORT (BEER) AND FINANCIAL RESOURCE REPORT (FRR)**

The BEER Report is produced monthly and identifies FNS unit members who have Self-Employment (SE), Federal Employment (FE), Pension Income (PE), or Military Employment (ME) income reported to the Social Security Administration (SSA). Match information is sent to the counties. See Figure 605-6 for a copy of the BEER Report.

The Financial Resource Report (FRR) is an Internal Revenue Service (IRS) match conducted monthly for newly approved Non-Categorically Eligible FNS units and once yearly for Non-Categorically Eligible recipient FNS units. Match information is mailed to counties. See Figure 605-7 for a copy of the FRR Report. Refer to Figure 605-11 for a list of FRR Codes.

**605.06            TIME STANDARDS FOR COMPLETING FRR AND BEER REPORTS**

FRR's and BEER's are not considered verified upon receipt and no action is taken until the next recertification.

**605.07            SECURITY PROCEDURES**

There are certain security requirements that are placed on the FRR and BEER Reports under federal law.

A.            Responsibilities of the County Director

All agency employees with access to federal tax information must be thoroughly briefed on security procedures and instructions requiring their awareness and compliance. This includes cleaning staff, security staff, mail handlers, and any other individuals with access to this data because of their job responsibilities. Copies of Internal Revenue Code Sections 7213(A) and 7431 must be given to each employee. (See Figure 605-8.) Review of these procedures must be conducted annually, and employees are required to sign a Documentation of Annual Security Training (See Figure 605-9.) This is the responsibility of the county director.

Semi-annually, the IEVS Coordinator mails an internal inspection letter to counties to ensure that security training is conducted. This report must be completed by the county and returned to the IEVS Coordinator. The form is used to track security training. (See Figure 605-9 for a copy of the Internal Inspection Letter.)

The director appoints the Security Control Officer and a back-up Security Control Officer. The director also appoints the FRR/BEER control person and a back-up FRR/BEER control person.

The director ensures security requirements are met for the agency. The IRS requires two barriers to accessing federal tax information (FTI) – secured perimeter/locked container, locked perimeter/secured interior, or locked perimeter/security container. The FRR/BEER Reports contain FTI; therefore, the agency must meet these IRS security requirements.

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Details of the security requirements are contained in IRS Publication 1075. This publication can be accessed through the Internet. Go to: <http://www.irs.gov/pub/irs-pdf/p1075.pdf>. Section 4.0 contains the security information. If your agency does not have access to the Internet, you may contact the IEVS Coordinator with questions or information needed regarding the security requirements.

**B. Responsibilities of the FRR/BEER Control Person**

The FRR and BEER Reports are mailed to counties marked "Confidential." These reports must not be opened in the mailroom but must be delivered to the designated FRR/BEER control person. Immediately upon receipt, the control person must distribute the worker's copies to the appropriate income maintenance staff for follow-up. To ensure that only individuals who are allowed access to this information handle these reports, the control person must keep a log indicating to whom the reports are given, the date signed out, and the date the information is returned. This log must be maintained for five years before it is destroyed.

The control person must also ensure:

1. The reports remain under lock and key when they are not being used by a caseworker;
2. The reports are acted on within the time frames allowed for the specific program;  
**and**
3. All caseworker copies of the report are returned and filed with the control copy.
4. FRR/BEER Reports are not destroyed until all copies are returned.

**C. Responsibilities of the Security Control Officer**

The Security Control Officer is responsible for conducting internal inspections and semi-annual reviews of county DSS staff to determine if the safeguards are being met. The request for this review is mailed in April and October with the survey in [Figure 605-9](#).

If the Security Control Officer and the FRR/BEER Control Officer are the same, another member of the management staff should complete the Internal Inspection and semi-annual review. See [Figure 605-10](#).

Please refer to the Security Control Officers Handbook issued by the Division of Social Services and the Division of Medical Assistance in April 1994 for other duties of the Security Control Officer.

**D. Caseworker Responsibilities**

The caseworker must safeguard the FRR and BEER Reports while in his possession. If the caseworker leaves the office prior to completing the report, the report must be locked in a file cabinet or drawer or in a locked office. If the caseworker does not have a lock available, the report must be returned to the control person when the office is vacant. If the caseworker's supervisor has a locking file cabinet or drawer, the caseworker may give the report to the supervisor to safeguard until he is ready to return.

**605.08 COUNTY ACTION REQUIREMENTS**

- A.** Once the caseworker determines that there are resources or income reported on the FRR or BEER Reports, the caseworker must independently verify these resources or income

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at recertification. Follow the steps outlined below when working the FRR or BEER Reports.

**EXCEPTION:** When the IRS is the payor of income reported on the 1099-INT, consider the information verified. **Do not** contact the IRS for additional verification. Refer to Figure 605-11 for a list of Financial Resource Report Codes.

1. Check the case file to see if the resource or income has been previously reported. If the resource or income has not been previously reported, attempt to obtain the information from the client. Send a DSS-8650, Notice of Information Needed, to the client requesting the name of the financial institution and the account number. Allow the FNS unit ten calendar days to provide the requested information.

a. If the FNS unit provides the name of the institution and the account number, document the case file that the information has been provided. **The source of the information is no longer the FRR or BEER.** Attempt to obtain a signed Request for Financial Information, DSS-3431.

**NOTE:** Do not ask the client to sign a blank DSS-3431, Request for Financial Information, prior to the receipt of a FRR or BEER Report.

(1) If the client signs a DSS-3431, send the request for verification of the income or resources to the institution.

(a) The copy of the verification letter may remain in the case file.

(b) Once the verification letter is returned, file the verification letter in the case file.

(2) If the client refuses to sign the DSS-3431, issue a Notice of Adverse Action, DSS-8553, to terminate the case. Refer to Manual Sections 450 and 550 and determine appropriate reporting requirements prior to determining if it is necessary to react to a change in income.

(3) Document the results of the match on the FRR and return it to the control person.

b. If the client does not respond to the request or refuses to provide the name of the institution from which he receives the income or resource, fill in the financial institution and account number on a DSS-3431 and attempt to obtain the client's signature.

(1) If the FNS unit signs the DSS-3431, send the request for verification of the income or resource to the appropriate financial institution.

(a) The copy of the verification letter must be filed with the FRR or BEER Reports.

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- (b) When the verification letter is returned, file the verification letter with the FRR or BEER Report. Destroy the copy using procedures in Section 605.09.
    - (c) Document in the case file the appropriate resource or income, the amount of the resource or income, and that verification is filed with the FRR or BEER dated MM/DD/CCYY. Do not document the name of the institution or account number in the record as this information is considered IRS data.
  - (2) If the client refuses to sign the DSS-3431, send a Notice of Adverse Action to terminate the case. Refer to Manual Sections 400 through 550 and determine appropriate reporting requirements prior to determining if it is necessary to react to a change in income.
  - (3) Document the results of the match on the FRR and return it to the control person.
- 2. If the income or resource is documented in the case file and was previously verified and,
  - a. It was verified as terminated. No further verification is required. Document the FRR that the information matched the case file and return the report to the control person.
  - b. The resource or income is active and,
    - (1) The record indicates that this resource or income was previously reported by the client, document on the FRR that the information matched the information that is in the case file. There is no need to reverify this information.
    - (2) The case file indicates that this resource or income was originally obtained from the FRR or BEER, document on the FRR that the information matched the information in the case file. There is no need to reverify this information.
    - (3) Document the case file that the verification is filed with the FRR or BEER dated MM/DD/CCYY.

**NOTE:** If the case file indicates the information was originally obtained from the FRR or BEER, the source of this information never changes. All subsequent verifications of this information must be filed with the FRR or BEER.

- B. The caseworker may disclose the information printed on the FRR and may disclose that the information was obtained from the IRS **to the individual who has resources reported on the FRR or the individual's authorized representative.**
- C. If the FNS unit is ineligible based on verification obtained as a result of information on the FRR or BEER Report, terminate the case. Refer to Manual Sections 450 and 550 and determine appropriate reporting requirements prior to determining if it is necessary to react to a change in income.

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- D. Other Disclosure Rules
1. If the case is prosecuted for fraud, verification received from the FRR or BEER Reports may be used; however, it may not be stated that this information was obtained from the IRS to the individuals (other than the client) involved in the case. The caseworker may only state the information was verified through the source (the financial institution).
  2. If there is a hearing or appeal, the information obtained from the FRR may be presented as evidence, if necessary.

E. Retention of the FRR and BEER Reports

The FRR and BEER must be maintained in the county for three years, unless there is a current fraud case. The FRR and BEER related to that case should be flagged for retention.

**605.09 DESTRUCTION**

- A. The FRR, BEER, and information obtained from these reports may be destroyed after three years by one of the following methods.

1. Incineration

Ensure that all pages are consumed.

2. Shredding

In order to make reconstruction difficult, the paper should be inserted so that lines are perpendicular to the cutting line. The paper should be shredded into strips that are no wider than 5/16 inch.

3. Microfilmed data must be incinerated or melted or shredded to a 1/35 inch by 3/8 inch strip.

- B. SSA data (SDX, BENDEX, TPQY, and SOLQ) may be destroyed after three years or after all audits have cleared by one of the following methods.

1. Shredding;

2. Incineration;

3. Sealing the material in cardboard boxes and burying at a landfill under management supervision; **or**

4. Microfilmed data must be incinerated or melted or shredded to a 1/35 inch by 3/8 inch strip.

**605.10 OTHER SECURITY MEASURES**

- A. Treat microfilmed or imaged case information data with the same security measures as case files.

- B. Store screen prints of ESC, BENDEX, SDX, TPQY, and SOLQ sheets in an area that is physically safe from access by unauthorized individuals during normal business hours, as well as non-business hours.

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- C. If screen prints are routed to a shared printer in a common area, retrieve screen prints immediately. This is especially important if the printer is located in a hallway through which visitors pass.

**605.11 DEPARTMENT OF CORRECTION (DOC) INQUIRY**

Use the DOC inquiry to check for drug felons or receipt of work release when the household reports an absent parent is in prison. Use DOC to screen for reported drug felony convictions.

If the inquiry indicates there is work-release income, verify the information through the North Carolina Department of Correction, Work Release Accounting, 2020 Yonkers Rd., Mail Service Center 4220, Raleigh, NC 27699-4220. Document the information in the case file.

Refer to the FSIS Users Manual for instructions to access the DOC inquiry.

**605.12 CHILD SUPPORT ENFORCEMENT'S AUTOMATED COLLECTION AND TRACKING SYSTEM (ACTS) NEW HIRE SCREEN**

Use the ACTS New Hire Inquiry screen to check for possible employment for household members, at each application, reapplication, and full recertification. Information gained through the ACTS New Hire inquiry is used to discover leads of possible wages and previous work history.

Check each reported SSN and use any hits of possible new employment as leads in determining the household's income. Follow up on all leads by discussing them with the applicant and documenting the response in the application workbook. If a discrepancy between the match and the information provided by the applicant is discovered, obtain verification to determine eligibility.

If appropriate, follow procedures in Section 800, Claims, for overissuance and Section 825, IPV Disqualifications, for suspected Intentional Program Violations.

Refer to the ACTS on-line manual for instructions to access the New Hire Inquiry.