3.0 SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)

This chapter provides information for State agencies to successfully implement the APD process and for FNS to effectively administer and oversee the SNAP. It serves as a program-specific supplement to the overview of the APD process and is organized into three major sections:

Section 3.1: Program Funding

Section 3.2: The APD Process for SNAP Certification and Eligibility Determination Systems

Section 3.3: The APD Process for SNAP Electronic Benefits Transfer Systems

3.1. PROGRAM FUNDING

Federal, State, and local governments share the costs of administering of the SNAP. Congress authorizes the program and appropriates necessary funds. The Federal Government fully funds the client benefits of the SNAP.

3.1.1. Allowable Administrative Costs

Administrative costs are shared by the cooperating agencies, with FNS paying 50 percent of the costs with the exception of some Employment and Training (E&T) expenditures. Section 16(a) of the Food Stamp Act of 1977 authorizes the Secretary to pay each State agency an amount equal to 50 percent of all allowable administrative costs involved in each State agency's operation of the SNAP. State agencies draw the funds for administrative costs from the United States Treasury through an administrative Letter of Credit. Under corresponding SNAP regulations at 7 CFR 277.11(c) (http://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol4/pdf/CFR-2011-title7-vol4-sec277-11.pdf) on a quarterly basis State agencies are required to use Form SF–269 (http://www.whitehouse.gov/omb/grants/sf269.pdf), the standard Financial Status Report (Long Form) (through FY 2011) and Form SF-425 (http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf) (beginning FY 2012) , to report program administrative costs to FNS and to support the claims made for Federal funding.

Funds made available for administrative costs must be used to screen and certify applicants for program benefits, issue benefits to eligible households, conduct fraud investigations and prosecutions, provide fair hearings to households for which benefits have been denied or terminated, conduct nutrition education activities, prepare financial and special reports, and operate information systems. Administrative costs may include the development of information systems (IS) to assist in administration of the program.

Several APD process steps refer to approval requirements whenever a State is seeking Federal financial participation (FFP). States should be aware that the regular 50 percent State/Federal match for administrative costs does constitute FFP for systems planning or acquisitions. Only 100 percent State funding, such as special legislative appropriations, are exempt from Federal approval requirements when spending is expected to exceed the approval threshold of $6 million. See Section 7.1 for detailed information.

3.1.2. APD Process

The APD process is designed to help State agencies and FNS adhere to the legislation, regulations, and policy that govern the SNAP and ensure that State agencies receive entitled Federal funding to offset their IS costs related to administering the program. 7 CFR 277.18 (http://www.ecfr.gov/cgi-bin/text-idx?SID=61958349b5909e9586190b85ab9dd0d2&node=20140102y1.13) of the regulations states that a State agency may receive FFP at a 50 percent reimbursement rate for the costs of planning, design, development, or installation of IS, if the proposed system meets the following criteria:

- Assists the State agency in meeting the requirements of the Food and Nutrition Act of 2008

- Meets the program standards to transmit data directly to FNS
- Is likely to provide more efficient and effective administration of the program.

States are encouraged to jointly develop APDs using information technology (IT), program, procurement, and budget staff in a multidisciplinary approach. States are reminded that the APD process includes all Federal partners **and all benefiting Federal agencies should be copied when requesting FFP**. Each Federal agency is responsible for approving funding for its programs.

3.1.3. Change in Under Threshold Projects

In the event a project originally estimated to cost less than the $6 million threshold encounters changes in prices or scope that increase the costs to exceed the $6 million threshold, the State agency must submit an APD to FNS for approval of the entire project, not just that portion over the $6 million threshold. In such a circumstance, the State agency should work with FNS to ensure that all information requirements of the APD are met prior to submitting the APD for approval. This will assist FNS in reviewing and making an approval determination and also obviate or shorten any project slowdown during the approval process.

3.2. THE APD PROCESS FOR SNAP CERTIFICATION AND ELIGIBILITY DETERMINATION SYSTEMS

A SNAP State agency seeking FFP for the development, enhancement, or replacement of an SNAP certification and eligibility determination system must adhere to the APD process to obtain funding approval. These systems are usually integrated with other human service systems such as TANF, Medicaid, Child Support, and/or Child Welfare. For detailed information on the APD process for SNAP Electronic Benefits Transfer (EBT), please refer to Section 3.3.

It is important to note that before any APD activity occurs, when a State agency first identifies a need or opportunity, a needs assessment must be conducted to determine the extent and urgency of the need and whether the time is right to address it. As seen in Figure 2-1, the needs assessment occurs prior to the Planning Phase. The needs assessment is intended to assist decision makers in developing the case to move forward with planning activities that are essential to defining the scope of the project, acknowledges future funding and staffing priorities as well as acquiring the required resources. A needs assessment will help the State agency determine whether or not the project is necessary and if they need to develop a PAPD. It may include:

- √ An evaluation of the current system and its utilization
- √ A review of the service approach
- √ An identification of un-met services

3.2.1. Planning APD (7 CFR 277.18(d)(2))

As discussed in Section 2.2 the first step of the APD process is the planning phase for major system development efforts, enhancements, or upgrades. A State agency must submit a Planning APD (PAPD) to obtain prior approval, commitment, and FFP from FNS. **Submission and approval of a PAPD is required before a State agency begins to incur planning costs if the projected total project costs exceed $6 million.**

After the PAPD is approved, planning activities will include preparation of a Functional Requirements Specification or Document, conducting a Feasibility Study with an Alternatives Analysis to assess systems acquisition

methodologies, evaluation of the existing system and its business practices, definition of the future system business requirements, preparation of an Implementation APD and a Request for Proposals (RFP), and development of a General Systems Design (GSD).

The evaluation of the existing system and business process is known as a Business Process Analysis (BPA). The BPA involves identifying current processes and the outcomes being achieved; including errors and challenges to the current process. This defines the As Is environment. The State agency should review these processes, identify mandatory and nice to have changes, ensuring they incorporate both State and Federal program requirements and policies. Some IS projects may trigger the need for a program waiver. Where technology is used to supplant or supplement the duties of merit staff or where communication with applicants or participants changes the way applications are processed, changes reported, or notices to participants are delivered, States should notify their FNS regional offices to ensure that the new processes are in compliance with SNAP policy or identify what waiver requests might be necessary. See the SNAP website for information on waivers of rules at http://www.fns.usda.gov/snap/rules/Waivers/default.htm. State agencies should keep in mind that tasks involving client contact are restricted to State merit system personnel unless FNS approves use of non-merit or vendor staff to perform certain tasks. This guidance may be found on the SNAP website at http://www.fns.usda.gov/snap/rules/Memo/2010/012210.pdf. Once the BPA process has been completed, the State agency will have defined the To Be environment, around which all future business should be conducted.

Even if not seeking FFP specifically for planning activities, the State agency is advised to notify FNS by communicating its plans when embarking on system planning activities, so that FNS can help ensure efficiency in all ongoing systems efforts. It is incumbent upon the State agency to notify FNS at such time when the State legislature has approved funding to support major IS initiatives that will impact program administration. This will provide ample time for FNS to assess the magnitude and possible policy implications that a change from the legacy system may present.

Please refer to Section 2.2 or to 7 CFR 277.18.(d)(2) (http://www.ecfr.gov/cgi-bin/text-idx?SID=61958349b5909e9586190b85ab9dd0d2&node=20140102y1.13) of the regulations for details of the PAPD process in its entirety.

3.2.1.1. Required Documentation for a PAPD

Before preparing the PAPD, the State agency should also consult with the internal State IT oversight department and determine whether any additional documents or procedures are required as part of the State's internal monitoring process or if the PAPD requirements will suffice.

The following information is required when submitting a PAPD:

Transmittal Letter—Cover letter, signed by the appropriate State official, that, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the PAPD. Appendix D provides an outline as well as a sample letter.

Executive Summary—Describes at a high level (in approximately one page) the business need for a new information system, its advantages, the challenges and shortcomings the system will address, and the stakeholders who will benefit from it. The State agency's commitment, including a description of the process to be used, to complete the following as part of project planning activities: a feasibility study including a thorough alternatives analysis, a cost-benefit analysis, a functional requirements specification document, and a general system design;

Resource Requirements—Describes what resources (in terms of staff, money, etc.) the State expects to apply to the planning phase and what the State needs from FNS.

Schedule of Planning Activities, Milestones, and Deliverables—Includes a detailed description of activities and deliverables during the planning phase including the schedule of procurement activities to be undertaken in support of the planning project. The schedule shall include and discuss a proposed activity schedule depicting key tasks, events, and deliverables for the planning phase. This shall be presented in narrative and graphical format.

Proposed Budget—Identifies estimated State and contractor costs associated with the project planning phase activities by Federal fiscal year and quarter. For example, State costs related to travel, staff time, equipment, IT support, and indirect costs, as well as contractor costs for travel, time, and deliverables. Details are provided in Section 7.5. The State agency shall also include an estimate of the total project costs, including both the cost of the planning phase and a rough estimate of the cost of any anticipated design, transfer or implementation activities, which will be used only for determining whether the threshold of prior approval submission is met.

Cost Allocation Plan—Describes the methodology used to determine the share each entity will pay in a joint planning effort. Details are provided in Section 7.3.

Consult with FNS for samples of the required PAPD documents, as needed. Because of the nature of PAPDs, the required documentation tends to be a narrative component of the PAPD rather than a stand-alone document or attachment as with the Implementation APD (IAPD), but this varies depending on the complexity of the planning activities being undertaken. PAPDs are usually short, simple, and concise documents.

3.2.1.2. PAPD Review and Approval

The State agency must obtain prior written approval of the PAPD from FNS before entering into any contractual agreements or other commitments for acquiring planning services whose total costs are expected to exceed the ≥ $6 million dollar threshold. **Failure to do so may result in the disallowance of unapproved project costs and any costs incurred prior to approval will remain the responsibility of the State agency**. It should also be noted that **approval of planning activities does not guarantee approval of FFP for implementation activities.**

FNS must conduct its review within 60 days after receiving the PAPD submission to provide timely notice to the State. When reviewing the PAPD, FNS follows several steps before rendering a decision for approving or disapproving the State's request for Federal funding of its planning costs:

- √ Examines the transmittal letter requesting funding to ensure that it has been date-stamped
- √ Notifies the State agency of receipt of the document(s)
- √ Conducts a preliminary review of the document for completeness
- √ Notifies the State agency if documentation is missing or incomplete
- √ Evaluates whether the document adequately addresses technical issues, Federal/State procurement regulations, and program needs assessment
- √ Coordinates comments and requests for information between IT, financial, and program entities at different organizational levels, as needed
- √ Notifies the State agency in writing of FNS' final action (approval, disapproval, or conditional approval)

State agencies should make sure the documents address the following items because FNS review typically addresses these questions:

- √ Who is/are the requesting State agency(ies)?
- √ What is the purpose of the project?

- √ Which Federal/State programs are involved/affected?
- √ How will the project be conducted (contractor support, in-house, combination and lease/purchase of software/hardware, etc.)? If contractor, what are the expected contract terms? What are the tasks and deliverables?
- √ Which State and Federal funding agencies are involved?
- √ What is the cost of the project?
- √ What are the benefits of the project to the affected program(s)?
- √ Will the project benefits support the costs (cost-benefit analysis (CBA))?
- √ What is the project schedule?
- √ Does the budget reflect all allowable costs (staff time, training, equipment, travel, etc.)?

3.2.2. Provisional Approval

If a State agency does not receive approval, denial, or additional requests for information within 60 days of receipt of the FNS acknowledgment, **provisional approval** would be deemed in effect. This would not, however, exempt a State from meeting all other Federal requirements that pertain to the acquisition of IS equipment and services. Such requirements remain subject to Federal audit and review. FNS will make every effort to respond to State agencies within the targeted review periods.

3.2.3. Planning Request for Proposal Review and Approval

Planning Requests for Proposal (RFP) are necessary if the State agency is hiring professional, consultative services for planning and management activities. State agencies must receive prior approval from FNS for all RFPs and contracts before entering into any agreement for contractor services when the amount of FFP is ≥ $6 million for competitive acquisitions and non-competitive acquisitions.

3.2.4. Contracts and Contract Amendments

Base contracts are subject to FNS prior approval consistent with the thresholds for RFPs as shown in Figure 2-20. Base contract means the initial contractual activity for a defined period of time. The base contract includes option years but does not include amendments.

Contract amendments that do not cumulatively exceed 20 percent of the base contract cost do not require FNS prior approval as long as the contract was competitively procured. Contract amendments that cumulatively exceed 20 percent of the base contract must be submitted for FNS prior approval. (FNS may make exceptions to this requirement on a case-by-case basis.) This may mean, for example, that the first amendment for 15 percent would not be subject to approval, but a subsequent amendment for 6 percent would. When a project crosses the 20 percent threshold, FNS may at its discretion review the entire scope of the changes, but would not disallow costs that were not subject to approval. FNS may require States to submit contract amendments for approval even if they are under the threshold amount if the contract amendment is not adequately described and justified in an APD or APD Update (APDU). Contract amendments must always be submitted for approval if the base contract was not competitively procured. Copies of contract amendments, regardless of cost, must be sent to FNS for the record.
Refer to Figure 6-1 for additional details.

3.2.5. PAPD Closure

It is the responsibility of FNS to formally close a PAPD once the State agency has successfully completed all activities approved in the PAPD. Closure of a PAPD occurs when all activities associated with the planning phase, approved through the PAPD, have been successfully completed to the satisfaction of FNS and any other contributing

Federal agencies. FNS may request a final report or PAPD Update (PAPDU) from the State before closing the PAPD. Official closure of the PAPD must occur to document the end of the planning activities and the actual costs incurred and to terminate FNS funding of planning activities.

If projects become dormant (display no activity for a substantial period of time) or are abandoned (no longer being conducted by the State agency) before they attain the goals set forth in the PAPD, FNS will make every effort to contact the State to determine if a need still exists for the project. If the State does not respond to FNS communications regarding the project, FNS may close the PAPD at its own discretion, terminate funding availability, and recover any funds owed to FNS. FNS will make every effort to close a PAPD only when it has been completed or when there is mutual agreement with the State agency.

3.2.6. Implementation APD (7 CFR 277.18(d)(2))

Please refer to Section 2.3 or to 7 CFR 277.18.(d)(2) (http://www.ecfr.gov/cgi-bin/text-idx?SID=61958349b5909e9586190b85ab9dd0d2&node=20140102y1.13) of the regulations for details of the Implementation APD (IAPD) process. The IAPD documents the results of the project's planning activities, such as the identification, analysis, and feasibility comparison of various systems alternatives, as well as the design and description of the systems project, and marks the completion of the planning phase of the System Development Life Cycle (SDLC). Chapter 2 presents details of the IAPD process in its entirety.

Figure 3-21 IAPD Submission Thresholds

	Project Program/Funding Source	
Stakeholder	SNAP	SNAP EBT
State agency prepares and submits IAPD at least 60 days before project initiation FNS reviews within 60 days.	For all projects >$6 million total project costs	For all projects requesting FFP

Failure to submit an IAPD may result in the disallowance of costs that might otherwise have been covered by Federal funds. An IAPD must be submitted for all information systems projects to receive FFP, regardless of whether a PAPD was submitted or approved, in accordance with the established dollar thresholds for the program. See Figure 3.1.

If a State plans to acquire IS equipment or services with proposed funding that it anticipates will have total project costs (Federal and State) of $6 million or more, the State agency must submit an IAPD for Federal approval **prior to any procurement action**.

3.2.6.1. Required Documentation for an IAPD

As described in detail in Section 2.3.2, the following documents are required when submitting an IAPD:

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. Appendix D provides an outline as well as a sample letter.

Executive Summary—Describes at a high level the business need for a new IS; identification of all the stakeholders who will benefit from it; its advantages, the challenges and shortcomings the proposed system will address compared

to the current system and the alternative systems; the resources required from all stakeholders; and the technical, financial, and program impacts of the project. For details, see Figure 2-10

Feasibility Study/Alternatives Analysis—Summarizes the results of a preliminary study conducted during the planning phase that determines whether the considered project is technically, financially, and operationally viable and presents the results of the alternatives analysis. The State agency must consider the transfer of an existing system or provide justification for excluding the transfer alternative from further consideration.

Cost Benefit Analysis—Provides the results of this analysis and demonstrates a meaningful comparison of the costs of the alternatives being considered. See Section Section 2.1.2.1.3 for details.

Functional Requirements Document (FRD)—A comprehensive description of the functions that will be included in the system. It helps the State agency to prepare an RFP and serves as guidance to program and IT staff in the development of the system. The FRD developed in the planning phase is a comprehensive description of the functions that will be included in the system. Specifications shall be based upon a clear and accurate description of the functional requirements for the project, and in competitive procurements shall not lead to requirements which unduly restrict competition. Refer to the SNAP Automation of Data Processing/Computerization of Information Systems (ADP/CIS) Model Plan (http://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol4/pdf/CFR-2011-title7-vol4-sec272-10.pdf) of the Requirements for Participating State Agencies' Regulations or the WIC Functional Requirements Document (FReD) (http://www.fns.usda.gov/apd/WIC-FReD) for details. Copies may be obtained from the FNS website (http://www.fns.usda.gov/apd/WIC-FReD).

General System Design—A combination of narrative and diagrams that describe the generic architecture of the proposed system, as opposed to the detailed architecture that will be developed later. The General System Design shall provide a generic description of the architecture for the proposed system, as opposed to the detailed architecture that will be developed later in the project. If a system is to be transferred, the State agency may plan to use the general system design of the system to be transferred.

Capacity Plan or Study—Determines the overall size, performance, and resilience of an information system and relates organizational needs to the system's configurations to establish a computer installation that adequately meets the organization's projections for growth. If the Capacity Study is not completed when the IAPD is submitted, a commitment from the State agency to complete the study will suffice, until the Capacity Study can be submitted during the appropriate project phase.

Project Management Plan and Resource Requirements—Describes the project oversight and, reporting requirements for the State and contractor, which resources (in terms of staff, money, etc.) the State expects to apply to the implementation phase, and what the State needs from FNS. Refer to Chapter 5 for guidance.

Schedule of Development Activities, Milestones, and Deliverables—Outlines the key implementation tasks, events, and deliverables requiring FNS review and/or approval. Refer to Section 2.2.2.1 for guidance.

Proposed Budget—Identifies estimated State and contractor costs associated with the implementation phase. Refer to Section 7.5 for details.

Cost Allocation Plan—Describes the methodology used to determine the share each entity will pay in a joint implementation effort. Refer to Section 7.3 for details.

Security Plan—Describes the approach for ensuring the physical, electronic, and operational security of the system, including hardware, software, data, communications, facilities, and goods. This may be a description of the State security and interface requirements to be employed and the system failure and disaster recovery/business contingency procedures to be implemented. Refer to Section 8.7 for details.

Training Plan—Describes the approach to training all system users on the finished application. Refer to Section 2.3.2.1 for details.

Test Plan – Describes how all system testing will be conducted in order to verify that the system complies with program requirements, design specification, performance standards, usability, capacity, and security. Testing includes, but is not limited to, unit testing, integration testing, performance testing, end-to-end testing, user acceptance testing and regression testing. At a minimum, the Test Plan shall address:

- ✓ The types of testing to be performed;
- ✓ The organization of the test team and associated responsibilities;
- ✓ Test database generation;
- ✓ Test case development;
- ✓ Test schedule;
- ✓ Acceptance testing;
- ✓ Go/No Go criteria; and
- ✓ Contingency plans.

The State must provide a complete Test Plan to FNS prior to the start of the testing phase. The Test Plan itself does not require approval. However, documentation of the results of user acceptance testing must be submitted to FNS for approval before a State agency can advance from UAT to pilot and to continue to receive Federal funding. FNS's ability to assess the validity of the test results will be dependent upon its earlier review of the Test Plan. Failure to submit a complete Test Plan in advance of UAT may result in delays in FNS review and approval of test results. In addition, the State agency is also required to provide documentation of the pilot test results for FNS approval before the system can be implemented more broadly and also to continue to receive Federal funding. Preliminary plans may be submitted based on information available at the time of the initial IAPD and completed in more detail during the appropriate phase of the project. Refer to 2.3.2.1.8 for additional details on that Test Plan and documentation of testing results.

Request for Waiver of Depreciation (if desired)—Provides a means for expensing capital expenditures, rather than depreciating them, to financially benefit the Federal Government. A waiver of depreciation is a written request to change the method of accounting and claiming for the cost of equipment. The Federal cost circulars require that individual items of equipment costing more than $25,000 per item must be charged over the useful life of the equipment. (Useful life is as prescribed by the Internal Revenue Service. Workstations have a useful life of 3 years, while mainframes are normally charged over a period of 7 years) The written request asks for FNS permission to charge the entire cost of the equipment acquisition at the time of acquisition (more commonly known as "expensing"). Unless FNS permission is received, the equipment cost must be based on depreciation over the life of the equipment. This component is optional based on individual circumstances. Refer to Section 7.2.7 for details or consult with FNS to determine whether this component is necessary.

3.2.6.2. Additional Implementation Documents

The IAPD shall also include the State agency's commitment, including a description of the process to be used, to *complete* the following implementation documents, where appropriate, as part of project implementation activities.

Implementation Plan – The implementation plan shall include the following:

- √ A description of the procedures, detailed schedules, and resources needed to implement the pilot project;
- √ A phase-in strategy which permits a measured and orderly transition to the new system;
- √ A description of on-going tasks associated with fine-tuning the system and making any corrective actions necessary to meet contractual requirements. The description shall also address those tasks associated with ongoing training, document updates, equipment maintenance, on-site support and system adjustments, as needed to meet SNAP requirements; and

√ A plan for orderly phase-out of the pilot project if it is demonstrated during the pilot project operations that the system is not acceptable.

Security Plan - The State agency shall describe the security and interface requirements to be employed and the system failure and disaster recovery/business contingency procedures available to be implemented. The Security Plan shall describe the approach for ensuring the physical, electronic, and operational security of the system, including hardware, software, data, communications, facilities, and goods. It shall describe the approach and requirements which will be delivered as part of the project. Refer to Section 8.7 and Appendix H for details.

Because the IAPD outlines all the information and requirements for the design, development, and implementation of the new system—a lengthy and intensive phase of the SDLC that may depend on the services of a contractor—some of the IAPD components are explained in further detail in other chapters highlighting critical factors that must be met to ensure success of the project (i.e., Procurement, Project Management, Financial Management (FM), and Systems Security). Additional information on the IAPD may be found in Section 2.0.

Consult with FNS for samples of the required IAPD documents, as needed. FNS encourages State agencies to refer to existing materials and documents created for other recent projects as a guideline for preparing their own IAPDs so that the States can benefit from each other's experiences, streamline their efforts, and efficiently use their planning dollars. However, it is vital that all components of the IAPD accurately reflect each State agency's individual and unique needs, expectations, resources, and so forth. When referring to sample documents, therefore, it will be necessary to revise and adapt the information to the current, proposed project.

FNS focuses on areas of program functionality that may benefit from IT solutions, program resources, improved Federal reporting and accountability, local agency efficiencies, allowable costs, budget and cost/benefit analysis, staffing levels, maintenance and security issues, compatibility with other existing or anticipated State projects, procurement rules, contractual terms, and transitioning costs from development to operations.

3.2.6.3. Functional Requirements Document

A FRD is required for all programs receiving Federal funding. The FRD is a comprehensive description of critical and desirable functions—a detailed set of processes and business rules—that must be contained in the new IS to support the program. The document is intended to help State agencies prepare an RFP for development contractors and associated implementation services and to serve as guidance to in-house IT staff developing an IS.

For SNAP, the ADP/CIS Model Plan, as required and described in 7 CFR 272.10 (http://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol4/pdf/CFR-2011-title7-vol4-sec272-10.pdf) of the regulations ensures a minimum, efficient level of IT to administer the program. Therefore, a major component for meeting APD approval and IS standards is to ensure that the ADP/CIS Model Plan requirements are met.

Under Model Plan requirements, State agencies are required to use IT to perform functions related to certification systems; issuance, reconciliation, and reporting; and general standards. For a complete list of specific requirements, refer to 7 CFR 272.10 for the ADP/CIS Model Plan.

The ADP/CIS Model Plan should be used as a template, and modified as necessary, to reflect State agency decisions regarding IS needs to support SNAP policy. Although State agencies may have met the initial requirements of the ADP/CIS Model Plan per regulations, they should review their IS needs and revise their plans, as needed, when undertaking new IT projects or upgrading or enhancing current systems. State agency discretion is needed in determining which functions to include in its system. For some State agencies, cost will be a primary factor in making this determination. FNS recommends that State agencies weigh the cost of a function against the long-term benefit that automation of the function will bring to their program. To assist State agencies in prioritizing, the functions are divided into levels, with level one representing the least amount of automation. Levels are not

always mutually exclusive; States can incorporate more than one level into their system design. FNS recommends that State agencies work toward achieving the highest level of automation, as funds permit. At a minimum, the required functions should be achieved, where possible.

Some IS projects may trigger the need for a program waiver. Where technology is used to supplant or supplement the duties of merit staff or where communication with applicants or participants changes the way applications are processed, changes reported, or notices to participants are delivered, States should notify their FNS regional offices to ensure that the new processes are in compliance with SNAP policy or identify what waiver requests might be necessary. See the SNAP website for information on waivers of rules at http://www.fns.usda.gov/snap/rules/Waivers/default.htm. State agencies should keep in mind that tasks involving client contact are restricted to State merit system personnel unless FNS approves use of non-merit or vendor staff to perform certain tasks. This guidance may be found on the SNAP website at http://www.fns.usda.gov/snap/rules/Memo/2010/012210.pdf.

3.2.7. Systems Maintenance and Operations Required Documentation

This phase specifically addresses any changes or needs that may arise during the remainder of the system's life, such as hardware upgrades, platform changes, and software modifications. Prior approval is required when significant hardware upgrades, platform changes, and software enhancements are made to the system. Contract amendments that cumulatively exceed 20% of the base contract must be submitted for FNS prior approval, including amendments to M&O contracts.

Enhancements are modifications that will change the functions of software and hardware beyond their original purposes, not just to correct errors or deficiencies which may have been present in the software, or hardware, or to improve operational performance of the software or hardware.

Once it appears that a software enhancement will substantially increase risk, cost, or functionality, it may trigger an IAPD or IAPD Update (IAPDU). Otherwise, the following information requirements are necessary during the maintenance and operations (M&O) phase.

- A description of hardware or software changes
- A budget reflecting State and Federal costs by Federal Fiscal Year and Quarter
- A description of how these changes will benefit the Federal programs being served by the system.

These information requirements may be satisfied by the RFP and contract along with a transmittal letter signed by the State official who has authority to commit State resources. States should submit the draft contract prior to the release date of the RFP.

Specific examples include adding new software components, transitioning to web-based systems, and implementing enterprise architecture or systems.

An example of a major hardware upgrade would be the replacement of a mainframe computer and its storage devices. Refer to Figure 2-14 for M&O examples.

3.2.7.1. IAPD Review and Approval

FNS must conduct its review within 60 days after receiving the IAPD submission to provide timely notice to the State. When reviewing the IAPD, FNS follows several steps before approving or disapproving the State's request for Federal funding of its planning costs:

- √ Examines the transmittal letter requesting funding to review that it has been date-stamped
- √ Notifies the State agency of receipt of the document(s)
- √ Conducts a preliminary review of the document for completeness
- √ Notifies the State agency if documentation is missing or incomplete
- √ Evaluates whether the document adequately addresses IT technical and security issues, cost and benefit issues, Federal/State procurement regulations, and program needs assessment
- √ Coordinates comments and requests for information between IT, finance, and program entities at different organizational levels, as needed
- √ Notifies the State agency in writing of FNS final action (approval, disapproval, or conditional approval)
- √ Meets with the State agency on all negotiable matters
- √ Provides technical assistance to the State agency, as appropriate and necessary
- √ Provides IAPD oversight and reviews APDUs, as required until the implementation activities are completed
- √ Notifies the State agency of IAPD closure after it has successfully completed all activities approved in the IAPD.

FNS focuses on areas of program functionality that may benefit from IT solutions, program resources, improved Federal reporting and accountability, local agency efficiencies, allowable costs, budget and cost/benefit analysis, staffing levels, maintenance and security issues, compatibility with other existing or anticipated State projects, procurement rules, contractual terms, and transitioning costs from development to operations. Its review typically addresses the following questions:

- √ Who is/are the requesting State agency(ies)?
    - √ What is the purpose of the APD?
    - √ Which Federal/State programs are involved/affected?
- √ How will the project be conducted (contractor support, in-house, combination and lease/purchase of software/hardware, etc.)? If contracted, what are the expected contract terms? What are the tasks and deliverables?
- √ Which State and Federal funding agencies are involved?
- √ What is the cost of the project?
- √ What are the benefits of the project to the affected program(s)?
- √ Will the project benefits support the costs (CBA)?
- √ What is the project schedule?
- √ Does the budget reflect all allowable costs (staff time, training, equipment, travel, etc.)?
- √ Was a feasibility study/ alternatives analysis conducted prior to the submission of the IAPD? Are the results included?

After FNS approves the IAPD, the State can begin the implementation tasks necessary to produce and implement a successful IS that meets the requirements and objectives defined by the State agency and participating Federal

agencies. Please note any costs incurred prior to approval will remain the responsibility of the State agency. No retroactive approval will be granted.

3.2.8. Provisional Approval

If a State agency does not receive approval, denial, or additional requests for information within 60 days of receipt of the FNS acknowledgment, **provisional approval** would be deemed in effect. This would not, however, exempt a State from meeting all other Federal requirements that pertain to the acquisition of IS equipment and services. Such requirements remain subject to Federal audit and review. FNS will make every effort to respond to State agencies within the targeted review periods.

3.2.9. Implementation RFP Review and Approval

Implementation RFPs are necessary if the State agency is hiring professional, consultative services for planning and management activities. State agencies must receive prior approval from FNS for all RFPs and contracts before entering into any agreement for contractor services when the amount of FFP is ≥ $6 million for competitive acquisitions and non-competitive acquisitions.

3.2.10. IAPD Closure

It is the responsibility of FNS to formally close an IAPD once the State agency has successfully completed all activities approved in the IAPD. Closure of an IAPD occurs when all activities associated with the planning phase, approved through the IAPD, have been successfully completed to the satisfaction of FNS and any other contributing Federal agencies. Before closing the IAPD, FNS may conduct a post-implementation review of costs and systems' functionality, and will require submission of a final APDU to update all aspects of the project. Official closure of the IAPD must occur to document the end of the planning phase and the actual costs incurred and to terminate FNS funding of implementation activities. The recommended timeframe for submitting the final IAPDU is after the post-implementation review is conducted or at the end of the system warranty period.

If projects become dormant (display no activity for a substantial period of time) or are abandoned (no longer being conducted by the State agency) before attaining the goals set forth in the IAPD, FNS will make every effort to contact the State to determine if a need still exists for the project. If the State does not respond to FNS communications regarding the project, FNS may close the IAPD at its own discretion, terminate funding availability, and recover any funds owed to FNS. FNS will make every effort to close an IAPD only when it has been completed or when there is mutual agreement with the State agency.

Section 2.6 contains detailed information on IAPD closure.

3.2.11. APD Update

As discussed in detail in Section 2.3.4, to properly conduct its oversight responsibility for multi-year IS projects; FNS requires State agencies to provide an annual update on the progress and accomplishments of a PAPD/IAPD-approved effort. Annual APDUs are required for all active PAPDs and IAPDs. The APDU serves as a mechanism for State agencies to provide information regarding accomplishments and changes, as well as to obtain approval for successive phases of their projects, if necessary. There are two types of APDUs—Annual and As-Needed. An Annual APDU is a yearly submission that updates the project and the APD. The APDU As-Needed is triggered by certain situations or events that require more immediate update and approval than the Annual APDU.

3.2.11.1. Required Documentation for an Annual APDU

State agencies must include the following components in the APDU:

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding

and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. Appendix D provides an outline as well as a sample letter.

Project Status—Includes major accomplishments, challenges and resolutions, and outstanding issues.

Changes to the Approved PAPD/IAPD—Any changes to the approved APD including changes in language, budget, schedule, scope, and requirements.

Revised Schedule of Activities, Milestones, and Deliverables—Includes changes (increase or reduction) in the amount of time needed to complete any activities, milestones, or deliverables, the addition or deletion of new activities or deliverables, or the combining of activities to reach a milestone or deliverable.

Revised Budget—Addresses any increase or decrease in the approved budget.

Actual Expenditures to Date—Actual funds expended to date as opposed to estimates.

Contractor Performance (optional)**—**Identify any issues, resolutions, strengths, and weaknesses, and any significant change orders.

3.2.12. APD Update As-Needed

The APDU As-Needed is similar to an initial APD in that it identifies key factors, especially as they relate to cost or scope, to consider when changing the course of a project. These include not only the nature of the proposed change, but also the effect that change will have on those portions of the project in which FNS and the State agency have already invested.

The State agency must submit an APDU As-Needed under the following circumstances:

- A significant increase in total costs (>$10 million or 10 percent of the total project cost, whichever is less, for SNAP)
- A significant schedule change (>120 days for SNAP) for major milestones
- A significant change in procurement approach and/or scope of procurement activities beyond that approved in the APD, such as:
  - A change in procurement methodology
  - A reduction or increase in the procurement activities that were described in the APD
  - A change in an acquisition (e.g., changing from a State blanket purchase agreement to issuing an RFP)
- A significant change in an approved system concept or scope of the project, such as a proposal of a different system alternative, a proposal for a different mix of system hardware and software, a change in the project plan, or a change in the cost-benefit of the project
- A change to the approved cost allocation methodology.

To avoid any gaps in funding approval, the State agency must submit an APDU As-Needed as soon as significant changes are known but no later than 90 days from the time when significant changes are anticipated to occur. The APDU As-Needed is not optional but mandated by the triggers discussed above.

3.2.12.1. Required Documentation for an APDU As-Needed

State agencies must include the following components in an APDU As-Needed. Some of these are necessary according to the situation causing the APDU As-Needed to be submitted. If there is no change to a particular component, a short statement to that effect is helpful to FNS when it reviews the APDU. Detailed information may be found in Section 2.4.2.3.

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. Appendix D provides an outline as well as a sample letter.

Executive Summary—Describes at a high level (approximately one page) the business need for a new IS.

Project Status—Includes major accomplishments, challenges and resolutions, and outstanding issues.

Changes to the Approved APD—Addresses significant language changes that affect the meaning and intent of the APD. Examples include transferring from another State a system that performs similar functions, instead of developing a new system; performing project management in-house instead of contracting it outside; or adding another program as a system user.

Revised Technical Approach*— Addresses significant changes that affect the technical specifications and requirements of the system under development. Examples include a change from a distributed closed system to a web-based system, or from a proprietary programming language to an open-source language.

Revised Functional Requirements*—Incorporates additions to or deletions from the last defined functional requirements for the system. Examples include removing an interface or a function such as adding customized reports.

Revised Project Management Plan and Resource Requirements*—Addresses changes in key personnel, staffing, and associated duties. Examples include moving project management in-house instead of contracting it outside, replacing key State or contracted personnel, losing essential resources in either the program or technical area, or changing the scope of quality assurance (QA) duties.

Revised Schedule of Activities, Milestones, and Deliverables*—Includes changes (increase or reduction) in the amount of time needed to complete any activities, milestones, or deliverables, the addition or deletion of new activities or deliverables, or the combining of activities to reach a milestone or deliverable.

Revised Budget*—Addresses any increase or decrease in the approved budget.

Revised Cost Allocation Plan*—Addresses any change in the approved cost allocation plan resulting from budget increases or the addition or removal of participating programs.

Contractor Performance (optional)**—**Identify any issues, resolutions, strengths, and weaknesses, and any significant change orders.

Section 2.4.4 contains detailed information on APDU As-Needed.

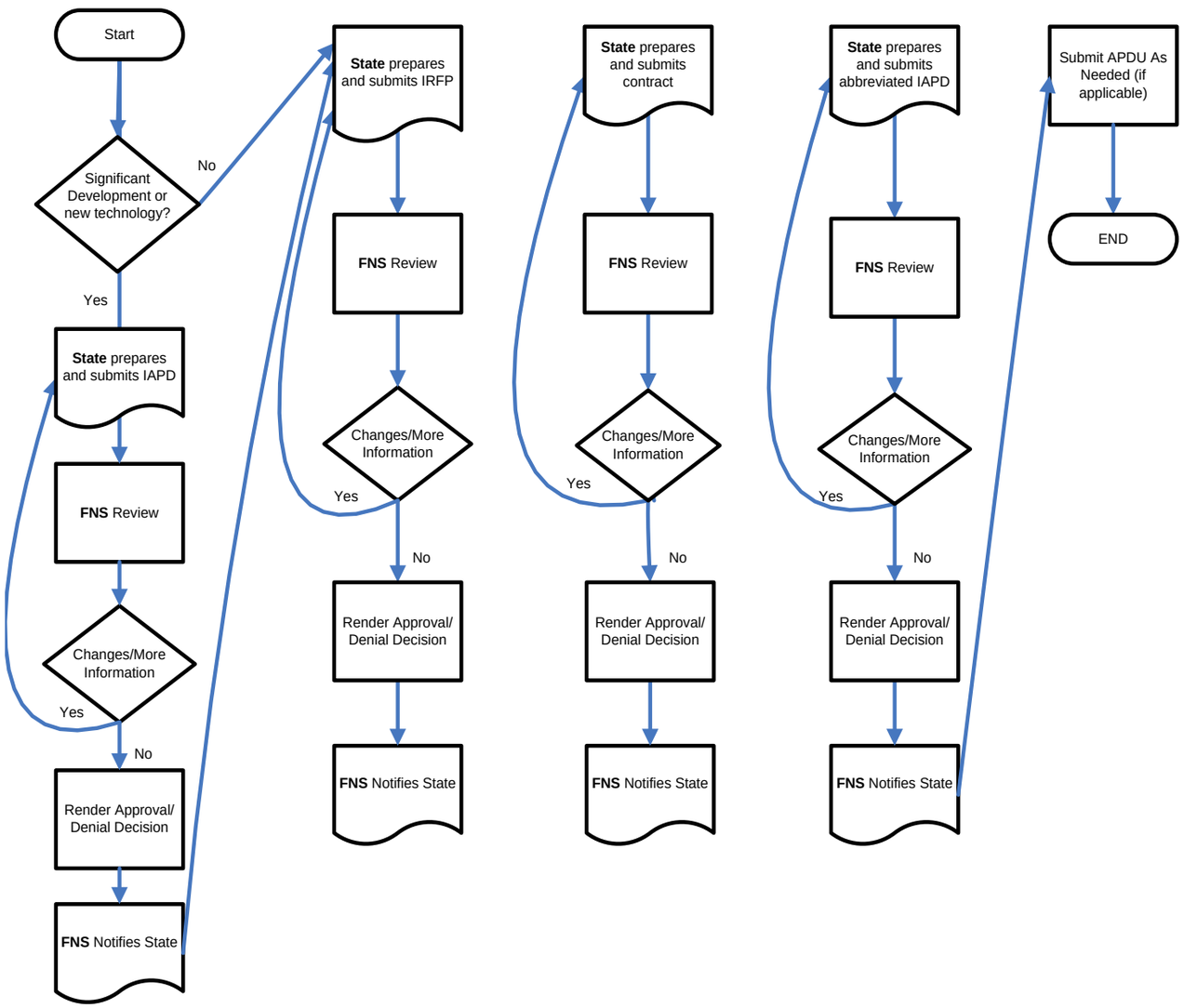
* As applicable

3.3. THE APD PROCESS FOR SNAP ELECTRONIC BENEFITS TRANSFER (EBT) SYSTEMS

Usually States contract for EBT systems that deliver the benefits of several cash programs, such as TANF and State cash benefit programs, in addition to SNAP benefits. State agencies seeking FFP for system enhancements or upgrades should ensure that they consult with their State WIC programs when developing an RFP to further collaboration among FNS programs. See 7 CFR 274.2 (http://www.gpo.gov/fdsys/pkg/CFR-2013-title7-vol4/pdf/CFR-2013-title7-vol4-sec274-2.pdf) of the Electronic Benefit Transfer issuance system approval standards.

The complete APD process does not apply to SNAP EBT (see Figure 3-2), and SNAP EBT approvals differ, as described for the Management Information Systems (MIS)/eligibility systems. For example, PAPDs, Planning RFPs, and full IAPDs are not required. Please note that a PAPD is required for EBT systems if the State is exploring new technology or expects to incur excessive planning costs. Therefore, it is important to consult with FNS before initiating any planning activities. When the State is moving EBT to new technology, or incorporating enhancements or upgrades that significantly change the architecture and interface requirements or functionality of issuing benefits electronically, these changes must be submitted in an IAPD for approval. Consult with the FNS Regional Office (RO) or FNS Headquarters (HQ) staff to help make this determination.

Figure 3-2. Overview of the APD Process for SNAP EBT Systems



3.3.1. Roles and Responsibilities

Among State-administered benefit programs, only the SNAP has regulations regarding EBT. Data from EBT systems are reported to State and Federal financial and reporting systems and are used in the financial statements of many agencies. States are responsible for sending EBT transaction and redemption deposit data to FNS for the Anti-fraud Locator using EBT Retailer Transactions (ALERT) system and Store Tracking and Redemption Subsystem (STARS II) to help in the detection of program fraud.

FNS is designated as the lead Federal agency for States in EBT system implementation. FNS created roles at the ROs and HQ to ensure that EBT systems and policy determinations are conducted under a single, coordinated Federal approach. Regional EBT coordinators serve as the States' initial points of contact for any issues or questions that arise during the procurement or operation of a system; HQ staff is the main entity for coordinating a Federal response. These individuals are responsible for coordinating with and supporting Federal and State agencies.

At HQ, the Benefit Redemption Division (BRD) staff serves as a coordinating point and performs an oversight role for all inputs affecting EBT documents and issues. HQ staff is responsible for resolving any inconsistencies from input received from agencies, but they cannot impose policy decisions on other agencies. Within FNS, account executives receive input from various entities, including FNS ROs, FM, IT Division, Special Nutrition Programs, and other parts of SNAP, when reviewing State agency deliverables.

3.3.2. RFP

Procurement of SNAP EBT services does not require the approval of an IAPD **before** the RFP is issued if no significant development efforts are involved. States generally procure a "turnkey" EBT system in which there is a single contract with an EBT contractor who provides or subcontracts for host processing, retailer management, and call center services. By preparing and submitting the RFP first, the State can expedite the overall acquisition of EBT services. However, should significant development be necessary or if a change in technology is proposed, the State should contact the RO or account executive to determine whether an IAPD is required prior to preparing the RFP.

3.3.2.1. Overview of the RFP Process

Regardless of funding threshold, if FNS FFP is being requested, the State agency must prepare and submit an RFP and receive approval from HQ Benefit Redemption Division (BRD). The RFP, and subsequent contracts associated with EBT procurement, must be reviewed and approved by FNS. If a State agency proceeds into development or transition activities without FNS approval, it may be held liable for any incurred expenditures. FNS has 60 days to review the document(s) and notify the State of its decision.

In general, the following steps apply:

1. The State agency prepares the RFP at least 24 months before the end of the current contract.
2. The State agency submits two copies of the RFP to FNS—one electronic copy and a transmittal letter signed by an official authorized to commit State resources to the FNS account executive in BRD, the other electronic copy to the FNS Regional EBT coordinator.
3. The RO and HQ staffs review the RFP and notify the State agency if there is a need for more information.
4. HQ BRD coordinates FNS comments and conveys the FNS approval decision to the State agency.
5. If approved, the State agency submits contract to RO and HQ BRD for FNS review and approval.
6. HQ BRD coordinates FNS comments and conveys the FNS approval decision to the State agency.

The State should release the RFP 18-24 months before the end of the current contract. The RFP should be available for vendor review and response for 60-90 days. States may want to be mindful of other State procurement schedules so they can benefit from maximum competition. The remainder of this section will specifically focus on how to "re-procure" EBT systems. For purposes of this section, the terms "procurement" and "re-procurement" are used interchangeably.

More information on this topic and other RFP and contract-related items specific to EBT can be found in the *Electronic Benefits Transfer (EBT) System Transition Guide* (https://origin.drupal.fns.usda.gov/sites/default/files/FSP_EBT_Transition_guide_6-05%5B1%5D.pdf), and from FNS RO or HQ.

3.3.2.2. Required Documentation for an RFP

The RFP should provide full details about the current system so bidders can analyze and plan for all aspects of system conversion/transition and include the following components:

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. Appendix D provides an outline as well as a sample letter.

Management Plan—A comprehensive plan for managing the transition process. At a minimum, the plan should provide information describing each member of the project team to be assigned to the State, subcontractors employed to perform any component of the work, degree of coordination expected between the processor and the State, the lines of authority and communication that will exist within the project team, and demonstrate the management structure can ensure adequate oversight and provide executive direction for its project manager.

Transition/Conversion Plan—A detailed plan of all activities needed for the migration from the current EBT system with minimal disruption. The plan should include a description of the overall approach, the order in which the transition activities will occur, tasks to be performed, the parties responsible for performing each task, and a back-up plan if any or all transition activities are delayed. The plan should define milestones and timelines. See section 3.3.2.3 for more details on this requirement.

Current System Details—Hardware and software; number of EBT-only devices deployed; number of retailers; and number of expedited issuances.

EBT-Only Retailer Agreement and Equipment Transition—Specifies who owns the point-of-sale (POS) equipment supplied to EBT-Only retailers, card embossers, and any system infrastructure components. It should also explain fees or any reimbursement arrangements in the current system.

It should specify if new equipment is required or recommended, and if so, in what quantities.

EBT Database Conversion—Details about database conversion. At a minimum coordinates the transmittal of the history, on-line authorization, card, benefit, and clients' demographic files. The conversion should be timed to minimize disruption to retailers and clients.

Training Plan—Describes how all system users, including technical, State agency, end users, and clients, as applicable, will be provided with training on the application.

System Testing Plan—Describes the vendor's approach to all necessary testing, including acceptance testing, database conversion trial runs, and interface testing. This section should also notify prospective vendors that FNS

reserves the right to participate in testing, require specific tests, or review test results, in any State EBT operation.

End-of-Contract Transition—Expectations of the successful bidder when the end of their own contract term takes place. The incumbent bidder should work with State and any other organizations to facilitate an orderly transition of services at the end of their contract term.

Business Recovery/Continuity Plan—A plan to ensure the issuance of benefits in cases of a business disruption. The plan usually contains various scenarios ranging from power outages to loss of property and how the processor proposes to ensure operations continue or are brought back to normal as soon as possible given the situation.

The RFP should be accompanied by a transmittal letter that incorporates an executive summary and a schedule of deliverables, activities, and milestones. Refer to Section 6.2.6 for guidance.

Refer to the *EBT Disaster Plan Guide* (https://origin.drupal.fns.usda.gov/sites/default/files/FSP_EBT_Transition_guide_6-05%5B1%5D.pdf) for further details on this component.

3.3.2.3. EBT Conversion or Transition Plan

The RFP should require either a detailed conversion plan for changing processing platforms and converting the database files or a transition plan for moving equipment, people, data, processes, operations, and so forth, as a deliverable with all associated activities needed for the migration from the State's current EBT system to the new one with minimal disruption, in the event that a new vendor is selected. The plan should include a description of the overall approach, the order in which the activities will occur, tasks to be performed, the parties responsible for performing each task, and a back-up plan should any or all of the activities be delayed. The plan should define milestones and timelines. As applicable, the State should request the following activities be addressed:

- √ Migration of transaction acquirers and retailers.
- √ EBT-only retailer transitions (including getting retailer contracts signed), POS device deployment and installation at retailer locations (if applicable), and personal identification number (PIN) pad installation.
- √ EBT card replacement and reissuance if the State opts to change its cards.
- √ State, client, and retailer training.
- √ Migration of client, retailer, and provider databases, including account aging information, expungement dates, transaction history, recipient card and demographic data, and benefit data.
- √ A detailed Work Breakdown Structure, including phases, activities, and deliverables specifically addressing account transfer, card issuance procedures, and ability to respond to retailer concerns.
- √ Client notification of database conversion outage (at State's discretion).
- √ Retailer notification of database conversion outage.
- √ Selection of an appropriate date and time frame for database conversion, including an appropriate backup date.
- √ Testing procedures, verification and validation of the migration process.
- √ Deployment of card activation devices (if applicable).
- √ Customer service/help desks.

- √ Determination for how processor data for Anti-fraud Locator using Electronic Benefits Transfer Retailer Transactions (ALERT)will be created for the conversion month. Whether there will be two separate files of individual transaction data for ALERT sent to FNS for the conversion month (one from the incumbent processor for transactions occurring before the conversion date, and the other one from the new processor for transactions occurring after the conversion date) or if the new processor will be providing the ALERT data for the entire conversion month. FNS prefers receiving data from each processor.
- √ QA checkpoints and critical paths.

Refer to the *EBT System Transition Guide* for further details. (https://origin.drupal.fns.usda.gov/sites/default/files/FSP_EBT_Transition_guide_6-05%5B1%5D.pdf)

3.3.3. Contracts and Contract Amendments

Contracts and contract amendments are subject to FNS prior approval consistent with the thresholds for RFPs as shown in Figure 2-19. Approval is required is necessary for procurement documents (i.e., requests for proposals (RFP) and contracts) for IS acquisitions exceeding $6 million for competitive procurements and exceeding $1 million for noncompetitive procurements in total Federal and State costs.

Refer to the sample timetable in Figure 3-2 (also available in the *EBT System Transition Guide)* to help plan the schedule for preparing and submitting the required documentation to FNS, as well as other key activities before database conversion.

Figure 3-3. Sample SNAP EBT Time Frame

Item	Number of months (or days if noted) before database conversion	Comments
SNAP EBT waivers	-25	FNS approves, need them for RFP
RFP	-24	FNS approves
Contract	-12	FNS approves
Transition Team	-9	
Detailed Transition Plan	-8	FNS approves
Retailer Association Contacts	-7	
Layouts, Data Elements, etc.	-6	
Telecom Hardware	-6	
Retailer Implementation Plan	-6	
Notify TPP Contacts	-5	
Acceptance Test Plan	-4 to –2	Requires FNS approval when converting to a new processor
Acceptance Test Scripts	-4 to –1	Requires FNS approval when converting to a new processor
Links for Trial Runs	-4	
Data Clean-Up	-4	
AT User Clean-Up	-4	
EBT-Only Retailer Agreement	-4	FNS approves
CS Phone Number Transfers	-3	
PIN Encryption Key Transfer	-3	
Retailer Notice of Outage	-3	FNS will do mailing
EBT-Only POS Replacements	-3	Obtain reduction in billing from incumbent if possible

Item	Number of months (or days if noted) before database conversion	Comments
Trial Run #1	-3	
AMA/ASAP Profile	-3	FNS initiates by sending profile form to the State
Voucher Decision for Outage	-3	
State Functional Demonstration	-3	
FNS Pseudo-Retailer Numbers	-2	FNS sends via email
Trial Run #2	-2	
User Acceptance Test	-2	FNS concurrence required for a 'GO' decision
Customer Service Messages for Outage	-2	
EBT-Only, TPP, ATM Access Evaluations	-2	For SNAP, need 85% coverage with no sizable geographical gaps
Trial Run #3	-1	
IAPD to FNS	-1	FNS must approve
Retailer Notice #2	-2 weeks	FNS will mail
Stop State Input	-1 day	
Incumbent Cut-Offs: • Vouchers (settle what is at old processor) • Adjustments • Automatic card mailing • AT profile changes • Expungement sweeps • POS maintenance	-1 day	
Cut-Off Incumbent Processing	0	

Item	Number of months (or days if noted) before database conversion	Comments
Database Conversion	0	
Validation/Reconciliation	Day 1	Advise FNS
Former Processor ALERT and STARS Data for Their Portion of Last Month	+1	
Last Monthly Reports from Former Processor	+1	
Former Processor Last ACH	+2 days	
New Processor 1st ACH	+2 days	
Obtain Any Missing Data from Former Processor	+2	

3.3.4. IAPD

If FNS approves the RFP and contract, the State agency is ready to submit the IAPD. After the contract award, but **prior to the State incurring any costs under the new contract**, the State must submit the IAPD to FNS for review and approval—one copy each to the RO and HQ BRD. **Failure to complete this step will jeopardize FNS FFP**. The full list of items traditionally submitted as part of a development IAPD are not required for an online EBT system IAPD. For example, a feasibility study, CBA, and Functional Requirements Document (FRD) may be omitted.

Required documents include the following:

Transmittal Letter—Cover letter, signed by the appropriate State official, identifies the State agency sponsor of the project who has the authority and responsibility to commit State resources to the project, to request Federal funding and approval, and to ensure the project goals and activities are carried out as identified within the IAPD. Appendix D provides an outline as well as a sample letter.

Executive Summary—Describes at a high level (approximately one page) the business need for a new IS.

General System Design—A combination of narrative and diagrams that describe the generic architecture of the proposed system, as opposed to the detailed architecture that will be developed later.

Capacity Study—Specifies the size and expansion capabilities of the new system or the scope of enhancement to an existing system.

Project Management Plan and Resource Requirements—Describes the project oversight and reporting requirements for the State and contractor.

Schedule of Development Activities, Milestones, and Deliverables—Includes a timeline that outlines the key implementation tasks, events, dates, and deliverables requiring FNS review and/or approval.

Proposed Budget—Identifies estimated State and contractor costs associated with the implementation phase. For example, State costs related to travel, staff time, equipment, IT support, and indirect costs, as well as contractor costs for travel, time, and deliverables.

Cost Allocation Plan—Describes the methodology used to determine the share each entity will pay in a joint implementation effort.

Security Planning—Describes the approach for ensuring the physical, electronic, and operational security of the system, including hardware, software, data, communications, facilities, and so forth. It is an overview of the approach and requirements that must be reflected in the more detailed security plan, which will be delivered as part of the project to reflect the new system and operations.

Training Plan—Describes how all system users, including technical, State agency, end users, and clients, as applicable, will be provided with training on the application.

If this information is included in the RFP, contract or vendor proposal, there is no need to duplicate it in the IAPD. If the State is transitioning to a new processor, then the additional documentation described below is required. FNS reserves the right to review additional documents or to require testing and documentation at its discretion.

3.3.4.1. Other Required Documentation for FNS Approval/Review

Once the IAPD budget has been approved, the State agency can initiate the contracted services. FNS requires additional documents if the EBT State agency transitions to a different processor. If the State remains with the incumbent processor, only changes in the system's design should be noted in the IAPD. In addition to the documents listed, FNS always reserves the right to review additional documents or to require testing and documentation even if the State remains with the incumbent processor. As part of the IAPD activities, the State agency must submit the following documentation to the RO and HQ BRD for FNS approval/review:

Conversion or Transition Plan— A detailed plan of all activities needed for the migration from the current EBT system with minimal disruption. The plan should include a description of the overall approach, the order in which

the transition activities will occur, tasks to be performed, the parties responsible for performing each task, and a back-up plan if any or all transition activities are delayed. The plan should define milestones and timelines.

Test Plan/Scripts— A plan to test the system to ensure it meets all requirements and standards, as well as performing at the optimum level set in the functional requirements or statement of work. The test plan should include unit testing, end-to-end testing, performance/stress testing, and any regression testing required to judge the implications and effectiveness of changes or updates to the system. Test scripts should also be supplied to meet the various functional requirement scenarios. Scripts include step-by-step instructions on testing functions and recording results. Later, the State must submit test results to FNS and must obtain FNS concurrence for a "Go" decision. By providing the test plan and/or scripts in advance, the State will enable FNS to be familiar with the methodology, to evaluate the validity of the results, and to provide that concurrence in a timely manner.

Detailed Design Document—Developer's blueprint for system construction. The detailed design document provides precise directions to software programmers on how basic control and data structures will be organized. It typically consists of tables and diagrams that translate the functional specification into data structures, data flows, and algorithms. The document is written before programming begins and describes how the software will be structured and what functionality will be included. This document forms the basis for all future design and coding. The document includes a description of the overall design concept, a high-level summary of the design, standards and conventions to be used, program design describing the structure to be used via narrative, tables, flow charts, etc., and file designs and system data sets to be utilized.

Retailer/Third Party Processor Agreements— Formal agreement between a retailer and a third party processor to provide merchants with access to transaction acquirers that in turn route messages to the authorization engines maintained by the EBT processor.

EBT Business Recovery/Contingency Plan—A plan to ensure the issuance of benefits in cases of a disaster or business disruption. The plan usually contains various scenarios ranging from power outages to loss of property and how the processor proposes to ensure operations continue or are brought back to normal as soon as possible given the situation.

3.3.4.1.1. *EBT Disaster Plan*

Responses to natural and man-made disasters have demonstrated EBT can effectively deliver SNAP benefits during a disaster situation, as well as the continued need for well-planned disaster EBT system designs and operational processes and procedures. As the only operational SNAP benefit delivery mechanism, EBT systems must deliver benefits during disasters. It is imperative, therefore, that each State develops a disaster plan that provides for a system that can deliver SNAP benefits during an emergency, while successfully interacting with the State's eligibility system and its EBT contractor's system. For more guidance on disaster plans, refer to Section 8.4.6.

3.3.4.1.2. User Acceptance Test (UAT) Go/No-Go Decision

The User Acceptance Test (UAT) and its accompanying go/no-go decision for the system is only required if the State is transitioning to a new processor. FNS requires a formal UAT to be conducted if a State atransitions to a new EBT processor. In addition, the State must obtain the concurrence of FNS for a "Go" decision.

3.3.5. EBT Security Standards

EBT security systems must be designed to protect the systems and their resources from unauthorized modification, disclosure, and destruction. State agencies are required to incorporate the security provisions into their EBT systems, in addition to the security provisions required under 7 CFR 277.18(p) (http://www.ecfr.gov/cgi-bin/text-

idx?SID=61958349b5909e9586190b85ab9dd0d2&node=20140102y1.13) of the regulations. The areas of additional security measures are storage and control measures, communications access controls, message validation, and administrative and operational procedures. Periodic security risk analysis of the EBT system is required to address specific areas such as vulnerability to theft and unauthorized use, completeness and timeliness of the reconciliation system, vulnerability to tampering or creation of household accounts, erroneous posting of issuances, and manipulation of retailers accounts. An EBT contingency plan must be approved by FNS prior to implementation and subsequently updated on a periodic basis. Refer to 7 CFR 274.8 (http://www.gpo.gov/fdsys/pkg/CFR-2013-title7-vol4/pdf/CFR-2013-title7-vol4-sec274-8.pdf) of the EBT issuance system approval standards. See 7 CFR 277.18 and Section 8.0 for additional information.

3.3.6. APDUs

Annual APDUs are not required for SNAP EBT. If the contract selection results in significant changes in the estimated budget, schedule, or system architecture, the State agency should contact FNS immediately and submit an APDU As-Needed that reflects all changes to the approved RFP, budget, and schedule.

3.3.7. SNAP EBT Resources

Refer to the following resources, previously mentioned in this section, for additional guidance related to SNAP EBT:

- √ **EBT System Transition Guide** (https://origin.drupal.fns.usda.gov/sites/default/files/FSP_EBT_Transition_guide_6-05%5B1%5D.pdf)
- √ **EBT RFP Guidance Guide** (https://origin.drupal.fns.usda.gov/sites/default/files/EBT_Guidance-121907%5B1%5D.pdf)
- √ **EBT Disaster Plan Guide** (http://www.fns.usda.gov/disasters/response/D-SNAP_Handbook/guide.htm)

3.4. SUMMARY

Congress holds FNS accountable for making certain that the States participating in the SNAP are following the Food and Nutrition Act of 2008 and other program-related rules and regulations. State system development and operations are a critical part of how eligibility for food stamp benefits is determined and how benefits are delivered to recipients. Development costs associated with these systems require FNS prior approval.