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## Comment on FR Doc # 2025-17531

Posted by the **Food and Nutrition Service** on Nov 18, 2025

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Comment

Comment on SAE Fund Reporting Revision (FNS-525):

As a statutory analyst and advocate for fiscal integrity in public programs, I submit the following concerns and recommendations regarding the proposed revision to SAE fund reporting under 7 CFR part 235.

While the FNS-525 streamlines reporting and reduces administrative burden, it does not address a critical vulnerability: the risk of ghost payroll and administrative fund diversion within state agencies. SAE funds are federal dollars intended to support the administration of child nutrition programs, yet current reporting mechanisms focus on procedural compliance rather than substantive verification.

Key concerns:

**Lack of personnel verification:** The FNS-525 does not require states to verify the existence, employment status, or activity of individuals listed under administrative expenses. This opens the door to ghost payroll schemes—where nonexistent, deceased, or fabricated employees receive regular payments.

**No audit trail for disbursements:** There is no requirement for states to submit time logs, SSN cross-checks, or third-party verification of expenditures. This undermines transparency and allows for systemic fraud.

**Removal of FNS-777:** While streamlining is valuable, eliminating a cross-check mechanism without replacing its oversight function weakens federal visibility into state-level fund use.

Recommendations:

**Direct payment of SNAP to beneficiaries.** SNAP is dispersed through the EBT system. It is no longer necessary to transfer funds to the state for issuance. The State can process applications, determine eligibility, and authorize payment without receipt as a pass through agency.

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**Comment ID**

FNS-2025-0335-0002



**Tracking Number**

mhr-xqtb-oky1

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