

STATE OF COLORADO



Colorado Department of Human Services
people who help people



John W. Hickenlooper
Governor

Reggie Bicha
Executive Director

MEMORANDUM

TO: Glenn Cooper

FROM: Ryan Rivera, Audit Supervisor

DATE: February 25, 2011

SUBJECT: Leap Monitoring Detect And Prevent Improper Payments

The Colorado Department of Human Services (CDHS) Audit Division assists CDHS staff of all levels, county departments of social/human services, and related agencies to efficiently and effectively serve clients, and detect and prevent waste, fraud, and abuse of CDHS resources and taxpayer monies, by researching, monitoring, and reviewing compliance with governing Federal, State, and local standards. The Low Income Energy Assistance Program (LEAP) is one of the programs that we help monitor on a routine basis. The purpose of this document is to share our monitoring efforts and ideas with other states on how to prevent and detect improper payments for the LEAP program.

LEAP is a Federally-funded program that helps low-income households with their home energy bills. The LEAP program helps by offering one or more of the following types of assistance:

- Bill payment assistance
- Energy crisis assistance
- Weatherization and energy-related home repairs

According to the U.S. Department of Health & Human Services website, the total allocation in Colorado for FY 2010 LEAP administration is approximately \$69 million.

Annual Data-Mining Techniques:

At the end of each LEAP season (from November 1 through April 30) and as time and resources permit, the Audit Division performs a high-level analytical review of the previous year's benefit issuance data. The purpose of this review is to identify training or system issues, areas that may need rule or policy changes, and possible misuse of LEAP benefits.

Using ACL data-mining software, the following are examples of some of the testing performed during these analytical reviews:

- Identify missing data fields to determine if there are any system issues that need to be reviewed.
- Identify duplicate entries in the social security number (SSN), household number, and address fields to detect multiple benefits issued to clients.
- Perform data matches to the Social Security Administration's "Death Match File" to ensure that LEAP benefits are not issued to SSNs that are associated with deceased individuals. In addition, be sure not to not send renewal applications to clients with SSNs identified in this match.
- Review data for obvious data entry errors (example: fuel type of "propane" in large Metro area).
- Group like counties together to perform data-mining analysis tests on benefit issuance data (example: compare client payments and vendor payment relationships in like counties and determine if the relationship percentages agree with overall Statewide averages (80 percent vendor pay, 20 percent client pay)).
- Analyze benefit issuance data by technician to detect possible misuse of LEAP benefits, such as:
 - Perform statistical analysis on total benefit issuance amounts by technician.
 - Stratify on total benefit issuance amounts to isolate amounts by payment ranges and detect anomalies.
 - Classify by technician number to review technician issuance data statewide and by county. This would reveal anomalies by county that may need further analysis.
 - Review benefit issuance data by technician for advance payments made to clients to detect benefit issuance anomalies.

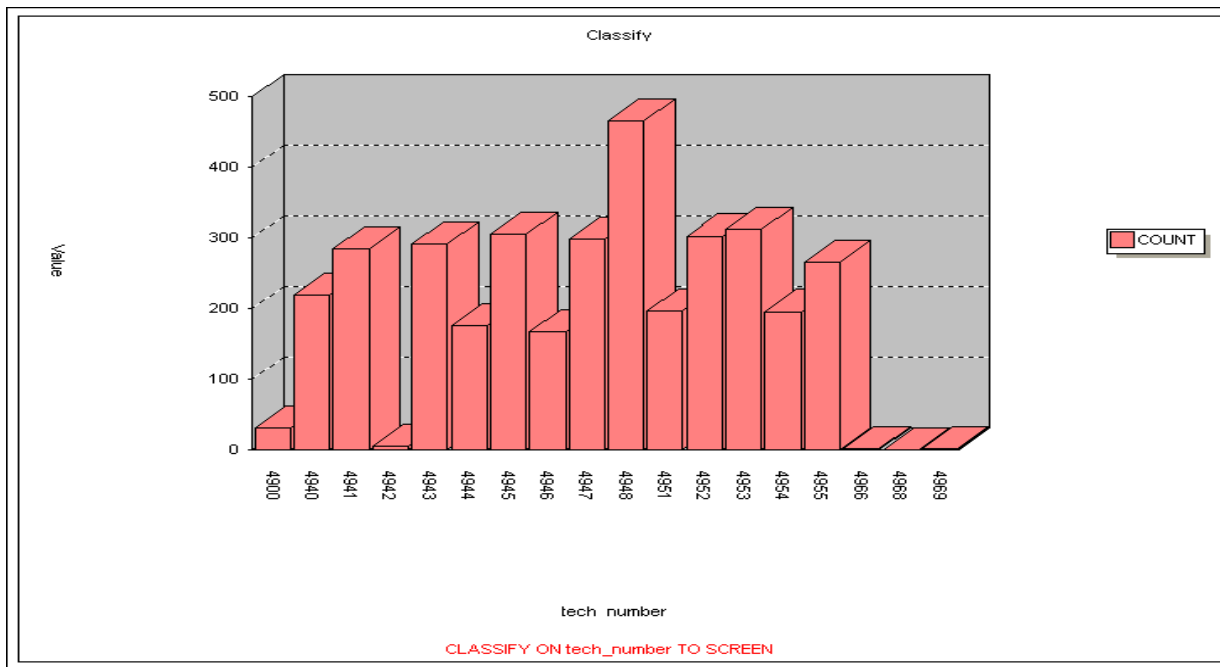
When anomalies are found, the Audit Division follows up with State LEAP staff and county department staff to address the potential issues. Any concerns regarding fraudulent activity are either researched by the Audit Division or referred to the respective fraud investigators at the county level.

Annual Fraud Prevention Training:

The Audit Division also performs annual new hire LEAP technician training, which is designed to identify and prevent fraud. The training describes how the Audit Division is able to monitor LEAP benefits statewide through the use of data-mining techniques that can identify a technician's benefit issuance anomalies.

The trainer gives examples of how the program is being monitored and the results are graphed so LEAP technicians can see that anomalies are easily detected. For example, the trainer describes the Audit Division's monitoring process and walks technicians through the exhibits listed below.

The graph shows the total number of clients that received a LEAP benefit in one county by technician number. In this example, technician #4948 would be further researched because he/she authorized benefits for many more clients than his/her coworkers in the county.



Upon further analysis, it was determined that this technician issued benefits to 466 clients during the LEAP season for a total of \$114,313, with an average benefit amount of \$245. The benefits can be further stratified to list issuances in ranges. In this example, 45 percent of this technician's benefit issuances were between \$100 to \$159 each.

NUMERIC10	Count	Percent of Count	Percent of Field	NUMERIC10
100 - 159	210	45.06%	19.67%	22,488
160 - 219	50	10.73%	8.25%	9,431
220 - 279	30	6.44%	6.36%	7,265
280 - 339	43	9.23%	11.55%	13,198
340 - 399	38	8.15%	12.11%	13,840
400 - 459	37	7.94%	13.89%	15,875
460 - 519	26	5.58%	10.99%	12,564
520 - 579	13	2.79%	6.24%	7,137
580 - 639	6	1.29%	3.23%	3,698
640 - 700	13	2.79%	7.71%	8,817
Totals	466	100%	100%	114,313

The trainer also provides examples of actual fraud investigations performed and the results received, such as time in jail, probation, and restitution paid back to the State. The training conveys the amount of monitoring performed to help discourage LEAP technicians from committing fraud, as well as provides them with information on how to report suspected fraudulent activity.

Other fraud prevention ideas:

In addition, there are numerous other fraud prevention ideas that can be performed to monitor the LEAP program that you may want to consider when implementing a monitoring program:

- Review system controls and make changes where needed, such as:
 - Ensure that the same technician cannot both process the LEAP application and authorize the benefits.
 - Make sure there are proper internal controls to set up vendors so that the same technician that sets up the vendor in the system cannot issue a LEAP benefit.
 - Ensure that the system locks the fields after the benefit was issued, so that technicians cannot edit/change fields after the benefit has been issued. If corrections are needed, set up security access controls so that the manager needs to approve or “unlock” the field for the corrections to be made by the technician.
 - Review security profiles of who has access to the LEAP system periodically to ensure that the individuals who have access should have access and that their access matches their current job duties.
- Ensure that proper separations of duties are in place to ensure that LEAP technicians cannot issue a LEAP benefit and issue an EBT card.
- Compare Estimated Home Heating Costs data entered into the LEAP system to source documentation from the heating vendor (e.g., invoice or electronic data).
- Create a PARIS (Federally sponsored Public Assistance Reporting Information System) match for the LEAP Program to verify that clients are not receiving LEAP benefits in multiple states.
- Review the LEAP file for addresses that appear to be apartment complexes and verify that the clients (not the apartment complex) pay for the heating costs.
- Verify addresses and P.O. boxes by performing U.S. Postal Service data searches or by searching the County Assessor’s records to verify addresses or perform a data match on the address field using these databases.
- Use system reports available via the LEAP system to identify anomalies, such as weekly or monthly client versus vendor relationships or advances to clients issued to clients by technician.
- Review current State LEAP program and JP Morgan reports to determine if any new or existing reports can be created or improved to identify improper payments.
- Educate regarding system reports available so that counties can use the reports to prevent or detect fraud.
- Having and reviewing conflict of interest policies with staff members, such as making sure that technicians cannot work on related cases (own case or a relative’s cases).
- Cross-reference the LEAP technician’s address or SSN to the LEAP system to determine if any LEAP benefits were issued to county and State employees.
- When anomalies are found, use internet search tools (e.g., Google, Facebook, Accurant) to help determine if further action is needed.
- Rotate caseloads during the LEAP season so that technicians do not always work on the same cases.
- Ensure that administrative costs charged to the LEAP program are actually for LEAP technicians by comparing LEAP system access reports to reports listing employees that are charged to LEAP program.

- Have a third-party individual not related to the LEAP program log applications with client name and SSN. Compare this listing to the LEAP benefit issuance data to verify that there is a case file or at least an application for clients that were issued benefits.
- Offer mandatory fraud prevention training to all staff.
- Perform random case file reviews for each LEAP technician and LEAP supervisor/manager.
- Create an interface between the LEAP system and the correctional facilities databases to ensure that individuals receiving LEAP benefits are not in State and county correctional facilities. If matches are found, verify that the household is still eligible for the LEAP benefits.
- Match the LEAP benefit issuance to known clients in State or county nursing homes. If matches are found, verify that the household is still eligible for the LEAP benefits.
- Verify Colorado residency by matching the LEAP file to the Department of Revenue Tax records.

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