

ATTACHMENT 1
SAMPLE PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT TEMPLATE
 Low Income Home Energy Assistance Program (LIHEAP)

ABSTRACT:

HHS is requiring further detail from Grantees on their FY2013 plans for preventing and detecting fraud, abuse, and improper payments. HHS is also requiring that Grantees highlight and describe all elements of this FY2013 plan which represent improvements or changes to the Grantees' FY2013 plan for preventing and detecting fraud, abuse and improper payment prevention.

Instructions: Please provide full descriptions of the Grantee's plans and strategy for each area, and attach/reference excerpts from relevant policy documents for each question/column. Responses must explicitly explain whether any changes are planned for the new FY.

State, Tribe or Territory (and grant official): State of New Mexico		Date/Fiscal Year FFY2013	
RECENT AUDIT FINDINGS			
Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2013 or the prior three years, in annual audits, Grantee monitoring assessments, Inspector General reviews, or other Government Agency reviews of LIHEAP agency finances.	Please describe whether the cited audit findings or relevant operations have been resolved or corrected. If not, please describe the plan and timeline for doing so in FY2013.	If there is no plan in place, please explain why not.	Necessary outcomes from these systems and strategies
<i>FFY 2010</i> <ul style="list-style-type: none"> • <i>HSD Office of Inspector General (OIG) completed an internal review of LIHEAP- the following are the audit findings of material weaknesses that were identified by the OIG:</i> <ol style="list-style-type: none"> 1. <i>LIHEAP benefits were not calculated correctly by the LIHEAP clears in a small (fewer than 10%) number of cases.</i> 	All cited audit finding were being addressed as follows: Finding 1 All staff are required to attend LIHEAP training and or refresher training on a schedule Supervisors are required to review 10 cases each month and submit a summary of the findings to Quality Improvement Section LIHEAP Central office staff	N/A	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>

<p>2. <i>The HLEA LIHEAP computer system is antiquated and is in need of being updated and intergraded with other HSD Computer systems.</i></p> <p><i>Observations noted in the review which did not quality as a finding are not included in this response.</i></p> <p><i>FFY 2011</i></p> <ul style="list-style-type: none"> <i>• Not selected for audit</i> <p><i>FFY 2012</i></p> <ul style="list-style-type: none"> <i>• Selected for audit but no audit results available.</i> 	<p>review a subsample of cases based on the specific policy areas.</p> <p>Finding 2</p> <p>New Mexico Human Services Department (HSD) has contracted for an upgraded to the current eligibility a benefits system that will include all ISD processes and programs. Is scheduled to go online in 2013. LIHEAP is included in the upgrade and conversion project as an integrated program. The current LIHEAP system will no longer be sued after conversion statewide has occurred.</p>		
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According to the Paperwork Reduction Act Of 1995 (Pub. L. 104-13), public reporting burden for this collection of information is estimated to average 1 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

COMPLIANCE MONITORING			
Describe the Grantee's FY 2012 strategies that will continue in FY 2013 for monitoring compliance with State and Federal LIHEAP policies and procedures by the Grantee and local administering agencies.	Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2013.	If you don't have a firm compliance monitoring system in place for FY 2012, please describe how the State is verifying that LIHEAP policy and procedures are being followed.	Necessary outcomes from these systems and strategies
<p><i>All policy changes are reviewed by the HSD Office of General Counsel attorneys for compliance with federal and New Mexico policy.</i></p> <p><i>LIHEAP line supervisors review a sample of cases each month to assure that all eligibility areas have been verified and the benefit is accurate. The reviews are submitted to a share drive monitored by the Quality Improvement Section.</i></p>	<p>An additional training component is in development that will highlight the verification documentation requirements that must be found in the case records when cases are reviewed.</p>	<p>N/A</p>	<p><i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i></p>

<p><i>An additional program manager has been assigned to do sub-sample reviews of LIHEAP cases.</i></p>			
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<p>FRAUD REPORTING MECHANISMS</p>			
<p>For FY 2012 activities continuing in FY 2013, please describe all (a) mechanisms available to the public for reporting cases of suspected LIHEAP fraud, waste or abuse [These may include telephone hotlines, websites, email addresses, etc.]; (b) strategies for advertising these resources.</p>	<p>Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2013, and the timeline for that implementation.</p>	<p>If you don't have any tools or mechanisms available to the public to prevent fraud or improper payments, please describe your plan for involving all citizens and stakeholders involved with your program in detecting fraud.</p>	<p>Necessary outcomes of these strategies and systems</p>
<p><i>The New Mexico Human Services Department website is HTTP://www.hsd.state.nm.us/. On the first page is a Report Fraud Link. Clicking on the button takes the user to the Office of Inspector General page. This page includes both an email address and telephone numbers to report fraud and /or abuse. Mailed or dropped off written referrals are also considered for investigation.</i></p> <p><i>All HSD Office of Inspector General Investigation Bureau business cards have contact information (fraud hot line and email address) which can be used to report fraud. All Income Support Division (ISD) Offices have posters that advertise how to report fraud and ISD staff who provide fraud reporting resources.</i></p> <p><i>HHS ACF has a Fraud Alert Hotline</i></p>	<p>N/A</p>	<p>N/A</p>	<p><i>Clear lines of communication for citizens, grantees, clients, and employees to use in pointing out potential cases of fraud or improper payments to State administrators.</i></p>

VERIFYING APPLICANT IDENTITIES			
Describe all FY 2012 Grantee policies continuing in FY2013 for how identities of applicants and household members are verified.	Please highlight any policy or strategy from your plan which will be newly implemented in FY 2013.	If you don't have a system in place for verifying applicant's identities, please explain why and how the Grantee is ensuring that only authentic and eligible applicants are receiving benefits.	Necessary outcomes from these systems and strategies
<p><i>HSD requires that the identity of an applicant be verified for all programs administered by the Department. Pursuant to the New Mexico Administrative Code (NMAC), Section 8.150.500.8 (B)</i></p> <p><i>The above cited policy provides a list of acceptable proofs of identity that may be submitted by applicants to meet the requirement.</i></p> <p><i>These standards for proof apply to all programs administered by HSD and include LIHEAP.</i></p> <p><i>In accordance with, 8.100.130.9 NMAC, "Verification to determine eligibility and benefit level is obtained through six methods. Not all methods will necessarily be used in each case."</i></p> <p><i>The following are the six methods of verification:</i></p> <ul style="list-style-type: none"> • <i>BENDEX or SDX data exchange systems</i> • <i>Wage data and unemployment compensation benefits verified through a data exchange with NMDWS</i> • <i>Interest, dividends, unearned income and self employment wages verification using BENDEX, IRS, and/or IEVS.</i> • <i>Vehicle registration and driver's license information using NM Motor Vehicle Division</i> 	<p>HSD has contracted with a private company (Deloitte LLP) to develop a new computer system. LIHEAP is currently in a standalone computer system. The new system will include LIHEAP and will include the latest technology regarding verification may eligibility factors.</p> <p>Policy is being reviewed and updated as the new computer system is being designed. Any police changes are reviewed, and go through a rule promulgation process that includes a public announcement, comment period, public hearing and re-review an publication of the change.</p>	<p>N/A</p>	<p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p>

<p><i>information exchange</i></p> <ul style="list-style-type: none"> • <i>Child support payment information and absent parent information using interdepartmental data exchange.</i> <p><i>As part of the verification process there are several limitations for use of information:</i></p> <p><i>*Confidentiality</i> <i>*Allowable uses of information</i> <i>*Investigations to verify eligibility</i> <i>*Substantiating source documents</i></p> <p><i>~Documentary evidence</i> <i>~Collateral contacts</i> <i>~ Failure on the part of a collateral contact</i> <i>~Home visits</i> <i>~Sworn Statements</i></p>			
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SOCIAL SECURITY NUMBER REQUESTS

<p>Describe the Grantee's FY 2013 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.</p>	<p>Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2013, or remaining the same.</p>	<p>If the Grantee is not requiring Social Security Numbers of LIHEAP applicants and/or household members, please explain what supplementary measures are being employed to prevent fraud.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>LIHEAP applicants must provide a Social Security Number as part of the application process. The LIHEAP computer system has a check to determine if the number series has been issued by SSA or is being used by another applicant/recipient.</i></p> <p><i>HSD has an online application called SVES WTPQ which is used as a Request- and – Response with SSA for Social Security Number Identity verification, Title II information, Title XVI verification and 40 Qualifying Quarters summary information. HSD staff use this facility and information</i></p>	<p>Social Security Numbers continue to be required for FFY 2012</p> <p>The computer system is updated as needed with most current SN edit rules in the place to match the other computer system used by HSD</p> <p>LIHEAP is a part of the agreement between HSD and Social Security Administration.</p> <p>All HSD ISD staff and some contractors receive Income Eligibility Verification System (IEVS) training on guarding the</p>		<p><i>All valid household members are reported for correct benefit determination.</i></p>

<p><i>when determining eligibility for any HSD program including LIHEAP.</i></p> <p><i>Another application available to HSD staff is BENDEX which can verify if the numbers in SSN have been issued by SSA and if a client receives SSI.</i></p> <p><i>Code of Conduct police is signed by all staff regarding State Information Technology Resources. Code of Conduct is included in all new hire packets, and is posted on the Website. Guidance/ Tutorials related to email security and confidentiality are issued by HSD Information Technology Division.</i></p>	<p>confidentiality and security of the information obtained</p>		
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CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES			
<p>Describe if and how the Grantee used existing government systems and databases to verify applicant or household member identities in FY 2012 and continuing in FY 2013. (Social Security Administration Enumeration Verification System, prisoner databases, Government death records, etc.)</p>	<p>Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY 2013.</p>	<p>If the Grantee won't be cross checking Social Security Numbers and ID information with existing government databases, please describe how the Grantee will supplement this fraud prevention strategy.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>New Mexico Administrative code defining the administration of LIHEAP requires households to provide documentary proof of each eligibility requirement unless the documentation has been previously provided to HSD for any program or is available from an interface developed by HSD to verify an household's information.</i></p> <p><i>A social security number must be provided for each household member and only if questionable</i></p>	<p>HSD is contracting with a private company to develop a new computer system. LIHEAP is currently in a standalone computer system. The new system will include LIHEAP and will include the latest technology regarding verification of may eligibility factors. The new system will have the capability of:</p> <ul style="list-style-type: none"> • Generating ad hoc reports 		<p><i>Use of all available database systems to make sound eligibility determination.</i></p>

<p><i>is a document from the Social Security Administration required.</i></p> <p><i>Questionable social security numbers may include:</i></p> <ul style="list-style-type: none"> <i>A number being used by another applicant/client</i> <i>A number that is identified as an never issued by the Social Security Administration</i> <p><i>The primary computer system (ISD2) used by the department includes access to Prisoner Variations (Menu selection X). Staff determining eligibility can access the information in this data base to check on LIHEAP applicants.</i></p>	<ul style="list-style-type: none"> System case reviews based on rules and create alerts Generating alerts when duplicate addresses are used in separate cases. <p>HSD currently has a variety of reports that can be reviewed band mined to identify:</p> <ul style="list-style-type: none"> Duplicate addresses Large benefits amounts Inconsistent information Unusually activities by vendors <p>Staffs in central office and at the local office level regularly review the reports.</p>		
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VERIFYING APPLICANT INCOME

<p>Describe how the Grantee or designee used State Directories of new hires or similar systems to confirm income eligibility in FY 2012 and continuing in FY 2013.</p>	<p>Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2013.</p>	<p>If the Grantee won't be using new hire directories to verify applicant and household member incomes how will the Grantee be verifying the that information?</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>The primary computer system (ISD2) used by the department includes access to Prisoner Verification and New Hires. Staff who determines eligibility can access the information in these data bases to check on LIHEAP applicants.</i></p> <p><i>Child Support Enforcement is a Division of HSD. Access to child support payment histories is available to eligibly staff.</i></p> <p><i>Workforce Solutions Department works in cooperation with HSD. An interface with unemployment information is available to eligibility staff as well as employer-related information.</i></p> <p><i>The New Mexico Human Service</i></p>	<p>HSD is contracting with a private company to develop a new computer system. LIHEAP is currently in a standalone computer system. The new system will include LIHEAP and will include the latest technology regarding verification of many eligibility factors. The new system will include the latest technology regarding verification of many eligibility factors. The new system will have the capability of:</p> <ul style="list-style-type: none"> Generating ad hoc reports System case reviews based on rules and create alerts Generating alerts when duplicate addresses are 	<p>N/A</p>	<p><i>Effective income determination achieved through coordination across program lines.</i></p>

<p><i>Department contracts with The Work Number, a contracted service, to provides verification of employment and wages.</i></p>	<p>used in separate cases</p>		
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<p>PRIVACY-PROTECTION AND CONFIDENTIALITY</p>			
<p>Describe the financial and operating controls in place in FY 2012 that will continue in FY 2013 to protect client information against improper use or disclosure.</p>	<p>Please highlight any controls or strategies from your plan which will be newly implemented as of FY 2013.</p>	<p>If you don't have relevant physical or operational controls in place to ensure the security and confidentiality of private information disclosed by applicants, please explain why.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>HSD policy regarding privacy and confidentiality is provided in training an re-emphasized by supervisory staff.</i></p> <p><i>HSD's security policy allows update and/or inquiry access to the LIHEAP system only after security forms have been completed and appropriate approval and review have been completed.</i></p> <p><i>Information provided to LIHEAP participating vendors does not include SSN's. In addition, only vendor account information is provided to the vendors: account name (not client name), account number, and residential address.</i></p> <p><i>Application in the intake offices are required to be in a locked area or cabinet to protect the confidentiality of client information.</i></p> <p><i>HSD email policy prohibits the inclusion of any client level information from being included in an email unless password protected. Vendor may receive verification and pay reports by mail, fax or secure server.</i></p>	<p>HSD is contracting with a private company to develop a new computer system. LIHEAP is currently in a standalone computer system. The new system will include LIHEAP and will include the latest technology regarding verification of many eligibility factors. The new system will include the latest technology regarding verification of many eligibility factors. The new system will have the capability of:</p> <ul style="list-style-type: none"> • Generating ad hoc reports • System case reviews based on rules and create alerts <p>Generating alerts when duplicate addresses are used in separate cases</p>	<p>N/A</p>	<p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p>

<p>The central LIHEAP office is located in a secure space with entry by cipher locks or escorted admittance.</p> <p><i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i></p>			
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<p>LIHEAP BENEFITS POLICY</p>			
<p>Describe FY 2012 Grantee policies continuing in FY 2013 for protecting against fraud when making payments, or providing benefits to energy vendors on behalf of clients.</p>	<p>Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY 2013.</p>	<p>If the Grantee doesn't have policy in place to protect against improper payments when making payments or providing benefits on behalf of clients, what supplementary steps is the Grantee taking to ensure program integrity.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>The LIHEAP computer system has an edit that prevents the entry of SSNs already in the system, SSNs not issued by SSA and account numbers already entered in the system for any vendor.</p> <p>Approximately 5% of benefits are sent directly to eligible households. Those payments include households who cut their own firewood, whose utilities are included in their rent and whose selected vendor is not a participating LIHEAP vendor. A report detailing households is compiled and available to supervisory staff each month. Many offices in New Mexico administer services to rural areas and small towns. Supervisory staff who live in the small communities know the residents of their community and use this report to identify potential errors or fraud.</p> <p>Notices are sent to eligible households when payments have been made advising the eligible household about the calculation</p>	<p>A documentation project is planned to add notations to cases with duplicate addresses. The documentation in the eligibility system will alert eligibility staff to determine if the case record needs to show:</p> <ul style="list-style-type: none"> • An apartment identification • Separate building notation • New renter/owner documentation, or • Some applicants are not eligible due to household composition. • Eligibility staff will be required to confirm household composition when the notation is found on any case. 	<p>N/A</p>	<p><i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p>

<p>of benefit and how the benefit was issued. In the case where the benefit was sent to a vendor on behalf of the household, the notice includes the vendor's name and the account number where the benefits is being credited. The notice also includes contact information in the case there are questions.</p>			
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<p>PROCEDURES FOR UNREGULATED ENERGY VENDORS</p>			
<p>Describe the Grantee's FY 2012 procedures continuing in FY 2013 for averting fraud and improper payments when dealing with bulk fuel dealers of heating oil, propane, wood and other un-regulated energy utilities.</p>	<p>Please highlight any strategies policy in this area which will be newly implemented in FY 2013.</p>	<p>If you don't have a firm plan for averting fraud when dealing with unregulated energy vendors, please describe how the Grantee is ensuring program integrity.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>LIHEAP vendors must complete a packet of information which includes a W-9 and a participation agreement. The vendor's information is submitted to the State of New Mexico Department of Finance where the vendor is entered into SHARE, the State of New Mexico's accounting system. LIHEAP staff monitors reports being sent to participating vendors and flag unusual activities such as duplicate addresses and/or names.</p> <p>The HSD internal audit conducted in FFY 2010 included a verification of all vendors. The audit did not identify any concerns about the authenticity of any energy vendor currently participating in the program.</p> <p>Vendors also verify account information before payments are made and indicate to LIHEAP staff when a payment has already</p>	<p>Complete vendor review will be complete in conjunction with the new agreement.</p>	<p>N/A</p>	<p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>

been made on the account. The case is then researched prior to the benefit being issued.

The Public Regulation commission (PRC) promulgated rules for conduct of business for bulk fuel vendors in New Mexico.

HSD worked with the PRC in the development of a New Mexico rule. The PRC Consumer Relations Division (CRD) accepts calls from bulk fuel customers and seeks to resolve billing and services complaints. The PRC documents and tracks the calls concerning bulk fuel vendors. HSD's relationship with the PRC fosters communication between the two agencies. HSD refers clients to the CRD. HSD believes the rule promulgation and the CRD tracking promotes proper business practices and will help in identifying fraudulent practices with LIHEAP and customer payments.

The PRC promulgated rules that establish a uniform set of standards defining the rights and responsibilities of propane customers and dealers. The purpose of the rule is also to ensure the dealers provide customers with transparent, accurate and timely information. This rule establishes a process within the commission for the resolution of customers' complaints.

These rules address the following areas:

- Definitions
- Process for providers to request a variance
- Tank rental, ownership and tank removal
- Budget billing plans
- Payments and payment

<p>agreements</p> <ul style="list-style-type: none"> • Contents of bill and metered fuel tickets • Notice of customer rights • Notice, availability and public access to schedule of charges • Reports to the Public Regulation Commission • Quoted prices and charges minimum quality requirement • Customer records • Complaints. 			
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VERIFYING THE AUTHENTICITY OF ENERGY VENDORS

<p>Describe Grantee FY 2012 policies continuing in FY 2013 for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the Grantee's procedure for averting fraud.</p>	<p>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2013.</p>	<p>If you don't have a system in place for verifying vendor authenticity, please describe how the Grantee can ensure that funds are being distributed through valid intermediaries?</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>The HSD internal audit conducted in FFY2010 included a verification of all vendors. The audit did not identify any concerns about the authenticity of any energy vendor currently participating in the program.</i></p> <p><i>All vendors are entered into the State of New Mexico's accounting system. IRS Verifies the accuracy of the vendor's W9 information.</i></p>		<p>N/A</p>	<p><i>An effective process that effectively confirms the existence of entities receiving federal funds.</i></p>

TRAINING AND TECHNICAL ASSISTANCE			
<p>In regards to fraud prevention, please describe elements of your FY 2012 plan continuing in FY 2013 for training and providing technical assistance to (a) employees, (b) non-governmental staff involved in the eligibility process, (c) clients, and (d) energy vendors.</p>	<p>Please highlight specific elements of your training regiment and technical assistance resources from your plan which will represent newly implemented in FY 2013.</p>	<p>If you don't have a system in place for anti-fraud training or technical assistance for employees, clients or energy vendors, please describe your strategy for ensuring all employees understand what is expected of them and what tactics they are permitted to employ.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>A new LIHEAP training was developed in FFY 2011. All employees who determine eligibility are required to attend the newly developed training.</i></p>	<p>A training supplement for supervisors is being developed.</p> <p>HSD is contracting with a private company to develop a new computer system. LIHEAP is currently in a standalone computer system. The new system will include LIHEAP and will include the latest technology regarding verification of many eligibility factors. The system development will include additional verification processes not available or possible in the current eligibility system.</p>	<p>N/A</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>
AUDITS OF LOCAL ADMINISTERING AGENCIES			
<p>Please describe the annual audit requirements in place for local administering agencies in FY 2012 that will continue into FY 2013.</p>	<p>Please describe new policies or strategies to be implemented in FY 2013.</p>	<p>If you don't have specific audit requirements for local administering agencies, please explain how the Grantee will ensure that LIHEAP funds are properly audited under the Single Audit Act requirements.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>The Human Services Department does use or plan to use local administering agencies.</p>	<p>N/A</p>	<p>N/A</p>	<p><i>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.</i></p>