

ATTACHMENT 5
SAMPLE PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT TEMPLATE
 Low Income Home Energy Assistance Program (LIHEAP)

ABSTRACT:

HHS is requiring further detail from Grantees on their FY2014 plans for preventing and detecting fraud, abuse, and improper payments. HHS is also requiring that Grantees highlight and describe all elements of this FY2014 plan which represent improvements or changes to the Grantees' FY2014 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 ARIZONA		Date/Fiscal Year: FY2014	
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 FY2014.	If there is no plan in place, please explain why not.	Necessary outcomes from these systems and strategies
The 2011 State of Arizona Single Audit of s Low-Income Home Energy Assistance (LIHEAP) found errors in the LIHEAP Annual Household Report submitted during FY 2012. To ensure that the LIHEAP Annual Household Report reflects accurate data for the number of households assisted, the network must provide a completed reports to DAAS twice per reporting period. The first report due reflects	<ol style="list-style-type: none"> 1. The DAAS Finance & Business Operations (FBO) has taken over completion of the Carryover and Re-allotment Report from the program unit. 2. Program staff will stay apprised of any changes to the requirements related to reported data elements through a formalized review of all LIHEAP related reports. To ensure that Service Providers are aware of changes to reporting requirements, the program utilizes a formal 	Not applicable	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>

estimated data as the Federal Fiscal Year data is not fully available. Service Providers must submit Estimated Annual LIHEAP Report in August of each year. The second Annual LIHEAP Household Report reflects final data. Service Providers must submit this report in October of each year.

The Case Management Report (CMT) is utilized as a backup supporting document to the LIHEAP Annual Household Report. The following process has been implemented for the Case Management Tracking Report. A CMT Checklist has been developed (11-30-12) which provides the means for review of each month's CMT report submissions from the Service Providers. It also provides documentation that oversight of the monthly data entry has been completed correctly. The checklist is initialed by the reviewing party. To ensure that the documentation is retained and easily located, the CMT spreadsheet will also be saved in PDF format in a specified folder. The CAP60 Data Management System will ensure that correct data be collected and reported. The system should be operational July 1, 2013, however; data collection verification will need to be examined and corrected as needed.

The 2011 State of Arizona Single Audit of s Low-Income Home Energy Assistance (LIHEAP) found errors in reports submitted during

information dissemination process known as an ALERT.

3. A centralized database will be fully functional by the end SFY 2013, eliminating the manual tabulation of LIHEAP data/reports. The centralized system will also allow for more consistent data collection by all LIHEAP service providers.

<p>FY 2011. For the 9/30/10, Carryover and Re-allotment special report, DAAS reported an inaccurate projected unobligated balance and carryover amount and did not submit a revised report to include changes to the current year amount payable. For the 9/30/10, LIHEAP Household Report contained inaccurate amounts for the number of households assisted.</p>			
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Attachment – page 1

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 hour 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.

<p>COMPLIANCE MONITORING</p>			
<p>Describe the Grantee's FY 2013 strategies that will continue in FY 2014 for monitoring compliance with State and Federal LIHEAP policies and procedures by the Grantee and local administering agencies.</p>	<p>Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2014.</p>	<p>If you don't have a firm compliance monitoring system in place for FY 2014, please describe how the State is verifying that LIHEAP policy and procedures are being followed.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>On-site monitoring of LIHEAP Service Providers is completed by state specialists on a bi-annual basis. This formalized process includes a comprehensive assessment of all programmatic procedures. A standardized monitoring tool is utilized which includes the following components: 1) Administrative Policies 2) Fiscal Practices 3) Programmatic Procedures 4) Quality Assurance Reviews of LIHEAP Client Case Files including Eligibility Factors</p>	<p>Remains the same.</p>	<p>Not applicable</p>	<p><i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i></p>

FRAUD REPORTING MECHANISMS			
For FY 2013 activities continuing in FY 2014, 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.	Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2014, and the timeline for that implementation.	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.	Necessary outcomes of these strategies and systems
Arizona Department of Economic Security currently has a Web page that can be used for reporting fraud, by completing and submitting a form, the link to this information is www.azdes.gov . If preferred fraud may also be reported via the telephone hotline at 1-800-251-2436. The State is disseminates this information to Service Providers via State issued ALERTS.	Remains the same	Not Applicable	<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>

VERIFYING APPLICANT IDENTITIES			
Describe all FY 2013 Grantee policies continuing in FY2014 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 2014.	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>Arizona's LIHEAP Program mandates that verification of identity is mandatory. Policy requires Service Providers to obtain hard copy documentation to establish the applicant's identity.</p> <p>Acceptable documents include Valid Driver's License, Work or School ID Card, Health ID Card issued by an insurance company or other state assistance program. The LIHEAP Policy Manual provides guidelines that include direction regarding acceptable documentation and verification. All LIHEAP applicants' identities must be verified.</p>	<p>This process has been in place and remains the same.</p>	<p>Not Applicable</p>	<p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p>
SOCIAL SECURITY NUMBER REQUESTS			
Describe the Grantee's FY 2014 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.	Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, or remaining the same.	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.	Necessary outcomes from these systems and strategies
<p>The Arizona LIHEAP Program requires verification of Social Security Enumeration for all program applicants and household members. Policy requires Service Providers to obtain hard copy documentation to validate the applicant's social security number. Acceptable documentation for verification is the applicant's social security card, social security award letter,</p>	<p>Remains the same.</p>	<p>Not Applicable</p>	<p><i>All valid household members are reported for correct benefit determination.</i></p>

or letter from the Social Security Administration attesting to the validity of the applicant's social security number. Household members may be assigned a pseudo number per the individualized Service Provider's policies and procedures.			
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CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES			
Describe if and how the Grantee used existing government systems and databases to verify applicant or household member identities in FY 2013 and continuing in FY 2014. (Social Security Administration Enumeration Verification System, prisoner databases, Government death records, etc.)	Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY 2014.	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.	Necessary outcomes from these systems and strategies
Currently, the Arizona LIHEAP Program does not cross-reference applicant information with other Government databases. Service Providers are contracted agencies. Some Service Providers do not have access to Governmental databases due to privacy concerns.	The State of Arizona is exploring a process to cross-reference applicant information with other existing government databases. This process can only be implemented when funding becomes available to hire additional staff. Currently, an accessible database system is being developed for LIHEAP Service Providers. At a future date the database system will explore the possibility of cross checking all service areas to avoid duplicate payments. In order to fully verify the authenticity of Social Security numbers, our administration and the Social Security Administration must work cooperatively in order to achieve this goal.	Not Applicable	<i>Use of all available database systems to make sound eligibility determination.</i>
VERIFYING APPLICANT INCOME			
Describe how the Grantee or designee used State Directories of new hires or similar systems to confirm income eligibility in FY 2013 and continuing in FY 2014.	Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2014.	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?	Necessary outcomes from these systems and strategies
The Arizona LIHEAP Program verifies the gross income for all LIHEAP household applicants, including all household members. This process is mandatory. Service Providers are required under existing program policy to verify all household income. Acceptable	Remains the same.	Not Applicable	<i>Effective income determination achieved through coordination across program lines.</i>

<p>documentation for this includes employment pay stubs, statement from the employer verifying income, award letters issued by government assistance programs; court records demonstrating child support payments, divorce documents issued by the court. Currently, State Directories of new hires or other similar systems are not used.</p>			
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PRIVACY-PROTECTION AND CONFIDENTIALITY			
Describe the financial and operating controls in place in FY 2013 that will continue in FY 2014 to protect client information against improper use or disclosure.	Please highlight any controls or strategies from your plan which will be newly implemented as of FY 2014.	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.	Necessary outcomes from these systems and strategies
Contract language requires Service Providers to employ client confidentiality procedures to ensure that clients' information is private. These procedures include maintaining hard copy applications in secured locations, utilizing computer backup procedures and IT systems which ensure no degradation of client data, and providing client and data confidentiality training to all employees. Compliance with confidentiality requirements is monitored by state reviewers on a bi-annual basis.	Remains the same.	Not Applicable	<i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i>

LIHEAP BENEFITS POLICY			
Describe FY 2013 Grantee policies continuing in FY 2014 for protecting against fraud when making payments, or providing benefits to energy vendors on behalf of clients.	Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY 2014.	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.	Necessary outcomes from these systems and strategies
Service Providers are required to maintain both fiscal and programmatic procedures which provide for distinct separation of staff duties that protect against improper payments to energy vendors and/or program applicants.	Remains the same.	Not Applicable	<i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i>

PROCEDURES FOR UNREGULATED ENERGY VENDORS			
Describe the Grantee's FY 2013 procedures continuing in FY 2014 for averting fraud and improper payments when dealing with bulk fuel dealers of heating oil, propane, wood and other un-regulated energy utilities.	Please highlight any strategies policy in this area which will be newly implemented in FY 2014.	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.	Necessary outcomes from these systems and strategies
Service Providers are required to maintain both fiscal and programmatic procedures which provide for distinct separation of staff duties that protect against improper payments to energy vendors and/or program applicants.	Remains the same.	Not Applicable	<i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i>
VERIFYING THE AUTHENTICITY OF ENERGY VENDORS			
Describe Grantee FY 2013 policies continuing in FY 2014 for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the Grantee's procedure for averting fraud.	Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2014.	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?	Necessary outcomes from these systems and strategies
Service Providers require a Tax identification Number from all energy vendors to which payment is made on behalf of eligible households.	Remains the same.	Not Applicable	<i>An effective process that effectively confirms the existence of entities receiving federal funds.</i>

TRAINING AND TECHNICAL ASSISTANCE			
In regards to fraud prevention, please describe elements of your FY 2013 plan continuing in FY 2014 for training and providing technical assistance to (a) employees, (b) non-governmental staff involved in the eligibility process, (c) clients, and (d) energy vendors.	Please highlight specific elements of your training regimen and technical assistance resources from your plan which will represent newly implemented in FY 2014.	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.	Necessary outcomes from these systems and strategies
The Arizona LIHEAP Program provides ongoing training and technical assistance to Service Providers. Curriculum includes a review of mandatory verification components (including identity, social security enumeration, income, and citizenship requirements) to determine eligibility for the program.	<p>Training components remain the same. DAAS is utilizing interactive webinars to ensure that information is available to Service Providers as it is needed.</p> <p>Fraud prevention is discussed periodically at Service Providers' monthly meetings with DAAS.</p>	Not Applicable	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>
AUDITS OF LOCAL ADMINISTERING AGENCIES			
Please describe the annual audit requirements in place for local administering agencies in FY 2013 that will continue into FY 2014.	Please describe new policies or strategies to be implemented in FY 2014.	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.	Necessary outcomes from these systems and strategies
<p>Service Providers are required to ensure that a yearly audit is conducted in accordance with audit and reporting standards as prescribed in OMB Circular A-133 and provide the following results to the State Audit and Management Department for review:</p> <ol style="list-style-type: none"> 1. Financial Statements and Schedule of Expenditures of Federal Awards; 2. Summary schedule of prior audit findings; 3. Auditor's Report Corrective Action Plan 	Remains the same.	Not Applicable	<i>Reduce improper payments; maintain local agency integrity, and benefits awarded to eligible households.</i>

Additional Information

Please attach further information that describes the Grantee's Program Integrity Policies, including supporting documentation from program manuals, including pages/sections from established LIHEAP policies and procedures.

Attachment – page 7