

ATTACHMENT 1
PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT
 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): California		Date/Fiscal Year: 9/1/13 2013/2014	
RECENT AUDIT FINDINGS			
Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2014 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
<i>Please refer to Attachment 1 for audit results</i>	All recommendations have been addressed	NA	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>

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 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.	Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2014.	If you don't have a firm compliance monitoring system in place for FY 2013, please describe how the State is verifying that LIHEAP policy and procedures are being followed.	Necessary outcomes from these systems and strategies
<p><i>CSD conducts on-site compliance monitoring of LIHEAP agencies every other year, and performs quarterly desk reviews. The general scope for 2014 CSD Energy Programs on-site monitoring includes, but is not limited to, the following areas:</i></p> <p>Administrative Review</p> <ul style="list-style-type: none"> <i>o Board membership and board meeting minutes evaluation</i> <i>o Review of separation of duties</i> <i>o Review and verify adherence to conflict of interest, procurement, inventory, and record retention policies</i> <p>Subcontractor Oversight Review</p> <ul style="list-style-type: none"> <i>o Review subcontractor agreement to ensure compliance with LIHEAP contract requirements</i> <i>o Verify that contractor has adequate subcontractor oversight</i> <p>Fiscal and Performance Review</p> <ul style="list-style-type: none"> <i>o Validate claims for reimbursements</i> <i>o Obtain and evaluate cost allocation plan</i> <i>o Verify and evaluate billing process</i> <p>Programmatic Review</p> <ul style="list-style-type: none"> <i>o Verify resolution of prior monitoring findings and implementation of recommendations</i> <i>o Conduct client file review to verify client and dwelling eligibility</i> <i>o Address issue or concerns identified during the course of the year such as client complaints or audit concerns</i> <i>o Review training logs for updates and verification of completion</i> <p>Quarterly Desk Review</p> <p><i>Field monitors conduct quarterly desk reviews to actively monitor agency expenditure performance, resolution of corrective actions, reporting requirements and data discrepancies.</i></p> <p><i>CSD is generally audited annually by the Bureau of State Audits to ensure</i></p>	<p>CSD is in the process of developing a new data collection system. The Combined Outcome Reporting Engine (CORE) will assist the overall integrity of compliance monitoring by adding uniformed data collection standards, centralizing the collection of statewide data from local LIHEAP administrators, CSD's program monitoring and oversight, and provide efficiency to LIHEAP programmatic and fiscal reporting. CSD has currently implemented enhancements for its cash assistance portion and is working on an implementation plan for the remaining LIHEAP components.</p>	<p>NA</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>compliance with OMB A-133 Compliance Supplement for the LIHEAP program.</i></p> <p><i>Local administering agencies are responsible for the performance of subcontracted services to ensure subcontractor is compliant with applicable LIHEAP requirements and services are rendered accordingly. As indicated above, CSD monitors its local administering agencies to ensure they have proper oversight of subcontracted services.</i></p>			
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FRAUD REPORTING MECHANISMS

<p>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.</p>	<p>Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2014, 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>CSD operates a toll free line that can be used by the public to report suspected fraud. The Bureau of State Audits has established a whistleblower hotline that is available to grantee staff to report information regarding possible fraud. The information is advertised via posters that are located throughout the department's office. Local administering agencies and vendors report fraud through various methods to the department via correspondence, telephone communication with grantee staff, and email to grantee staff. Upon notification of potential fraud, the department advises its legal office and an investigation commences. The department is in the process of developing procedures to systematically handle fraud reporting and to ensure fraud reporting is readily advertised to agencies, vendors and the general public.</i></p>	<p>No change anticipated for FY2014</p>	<p>NA</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>

Please refer to CSD's website www.csd.ca.gov

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><i>CSD uses the SSN as an identifier, therefore, the SSN is requested from all applicants. However, it is not a requirement to receive services. An applicant may refuse to submit their SSN. If no SSN is submitted then a picture ID is required to verify identity. Names, SSN and date of birth are not required for all household members only for the applicant. The SSN is not verified other than the Death Match File. CSD is in the process of determining the feasibility of using the Social Security Administration database to verify Social Security Numbers.</i></p>	<p>CSD is in the process of determining feasibility of using SSA database to verify SSN. CSD is considering the requirement that applicant's provide a government issued identification as a method to verify identity.</p>	<p>NA</p>	<p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p>
<p>Please refer the LIHEAP Verification and Eligibility Guide, Citizenship and Alien Status for Public Agencies, pages [7-9].</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><i>The local administering agency is responsible for conducting Intake services of applicants. CSD requires that the local administering agency request the Social Security Number (SSN) from the applicant. CSD does not require that identification information is obtained from the other household members. If the applicant refuses to submit their SSN, the applicant's identity must be established through a picture ID and then the intake form and all supporting documents are faxed to the CSD to be researched. Once CSD receives the documents, the information is entered in CSD's statewide database to see if the applicant has ever applied using their SSN. If a match is found for the SSN, the SSN from the previous application is used to process the new application. If no SSN exists; a nine digit number is assigned to that individual which will follow them if they apply in future years. The nine digit number is faxed back to the local administering agency who will enter the application using the nine digit number in place of a SSN.</i></p>	<p>No changes anticipated for FY2014</p>	<p>NA</p>	<p><i>All valid household members are reported for correct benefit determination.</i></p>
<p>Please refer to the Verification and Eligibility Guide, Processing Applications without a Social Security Number, page [16-17].</p>			

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
<i>CSD's database uses the Death Match file from SSA to verify all SSNs/last names for the applicant only. The audit is performed twice, once at data entry and again just prior to approval for payment. If a match occurs, the database will not accept entry of that SSN. Agencies must research and follow up to make necessary corrections. If an error has occurred on the SSA file, CSD can temporarily override and accept the SSN. It is then imperative that the client contact SSA and correct the error. CSD is researching the ability to use the SSA database to verify SSNs.</i>	CSD is in the process of determining feasibility of using SSA database to verify SSN	NA	<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
<i>Currently CSD does not use the State Directories for new hires to confirm income eligibility. Eligibility is based on the stated income amount and supporting documentation submitted by the applicant. The applicant is required to provide proof of the gross monthly income for all adult members of the household. All documentation must cover a one month period and be current within 6 weeks of intake. Depending on the type of income (wages, public assistance, SSI, SSA, etc.); acceptable documentation could be paycheck stubs, copy of a check, current bank statement, letter from employer,</i>	CSD is evaluating requiring all applicants to complete an income certification document where the stated income is insufficient to support household expenses.	NA	<i>Effective income determination achieved through coordination across program lines.</i>

<p>or current tax return (if self employed). New for 2013, for any household that reports zero income, only the applicant is required to sign a self certification form on behalf of the household. Earned income from a minor under 18 is excluded. Other exclusions apply as required by federal law.</p>			
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Please refer the Verification and Eligibility Guide, Client File Documentation and Income Verification, pages 22-48

PRIVACY-PROTECTION AND CONFIDENTIALITY

<p>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.</p>	<p>Please highlight any controls or strategies from your plan which will be newly implemented as of FY 2014.</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>Local administering agencies are contractually bound to maintain the confidentiality of all LIHEAP applicant and household information. CSD Field Representatives monitors verify confidentiality procedures during field visits. All CSD employees must sign and follow the Computer Security Policy.</i></p> <p><i>CSD considers all applicant information to be confidential. The applicant signs a statement on the intake form that provides permission for their information to be shared to other offices of the state and federal governments, their designated subcontractor, and utility company to determine and verify eligibility for assistance. Applicant information is shared with our local administering agencies, through our statewide database and utility companies through the direct payment process. Customer data may also be exchanged with utility companies when resolving payment issues such as accounts not being credited or the reissue of a returned payment.</i></p>	<p>No new policy anticipated for FY 2014</p>	<p>NA</p>	<p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p>

Please refer to the Verification and Eligibility Guide, Confidentiality of Social Security Numbers and Client File Documentation page 24, also refer to Attachment 2 , 3 and 4.

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
<p><i>CSD's database has validations for preventing duplicate service address, name, SSN, phone number and utility account number for the utility receiving the benefit. 97% of all benefits are directly sent to utility companies to be applied to customer accounts. Utility companies return benefits to CSD that could not be credited to the appropriate accounts. The remaining 3% of benefits are issued to individuals with utilities included in rent and customers of non-direct payment utilities in the form of a paper warrant, which is audited by the State Controller's Office.</i></p> <p><i>LIHEAP benefit amounts for fuel assistance are determined using multiple factors including household size, total gross monthly income, and the average cost of energy for the county in which the applicant resides. Using the federal poverty guidelines and the California state median income, four benefit levels are calculated per county. This ensures that the applicants with the lowest income receive the highest benefit amount.</i></p> <p><i>All applicants must complete an intake form and provide income verification for all adult members of the household. The intake form requires the entry of the number of adults in the household. The local administering agencies use this information to verify all household income is collected. By signing the intake form the applicant declares, under penalty of perjury, the information on the application is true and correct.</i></p>	<p>CSD is in the process of developing a new data collection system. The Combined Outcome Reporting Engine (CORE) will assist in protecting against fraud and providing benefits to energy vendors on the behalf of clients by completing client application validations and ensuring accurate benefit amounts. CORE will further improve the overall integrity of the program by adding uniformed data collection standards, centralizing the collection of statewide data from local LIHEAP administrators, CSD's program monitoring and oversight, and provide efficiency to LIHEAP programmatic and fiscal reporting. CSD has currently implemented enhancements for its cash assistance portion and is working on an implementation plan for the remaining LIHEAP components.</p>	<p>NA</p>	<p><i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p>

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
<p><i>CSD 416 Annual ECIP/HEAP Home Energy Supplier Assurance, completed by all non regulated vendors, assures that all non-regulated companies will follow the provisions as federally-mandated under the LIHEAP program in regard to energy fuels and related services provided to eligible households. CSD 415 Payment Request and Confirmation - completed by the vendor, confirms that the clients' account has been credited. Subgrantees are required to notify applicant of the benefit amount they will be receiving. CSD Field Representatives monitor to verify that the forms are completed and retained in the client file.</i></p>	<p>No changes anticipated for FY2014</p>	<p>NA</p>	<p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>
<p>See Attachment 5 and 6</p>			
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
<p><i>CSD documents authenticity of energy vendors by collecting the Federal Employer ID number for gas and electric vendors</i></p>	<p>No changes anticipated for FY 2014</p>	<p>NA</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 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.</p>	<p>Please highlight specific elements of your training regimen and technical assistance resources from your plan which will represent newly implemented in FY 2014.</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>Mandatory fraud prevention training is provided to all CSD staff. All CSD staff must sign the Computer Security Policy accepting responsibilities regarding computer security.</i></p> <p><i>CSD conducts training and technical assistance to its local administering agencies and internal staff through a variety of methods: on-site training, webinars, regional training workshops, and periodic meetings. The training and technical assistance covers LIHEAP fuel assistance, crisis and weatherization program policy and requirements to ensure local administering agencies and internal staff are aware of implementation requirements to prevent instances of fraud.</i></p> <p><i>Training is provided at the beginning of a program year and throughout the year as requested by the local agency or CSD staff.</i></p>	<p>No changes anticipated for FY2014</p>	<p>NA</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>
<p>See Attachment 4</p>			

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><i>Single Audit Act</i> -Agencies are required to submit Single Audit Report(SAR) in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local - Governments, and Non-Profit Organizations," Subpart D, Section 400(d), published June 27, 2003.</p> <p>- Administering agencies are required to review the SAR within six months of receipt</p> <p>- Program specific audits are required for agencies falling below the OMB 133 threshold</p> <p>Audit findings reported in compliance with OMB A-133 are reviewed within six months of receipt of the single audit report. A management decision letter is issued for all audit findings relating to the department's programs. Agencies are required to respond to the management decision letter, if there are findings. Resolution of the findings, are subjective, require the expertise and knowledge of the CSD audit staff, consider the resolution provided by the A-133 independent auditor, the nature of the finding, and several other factors. Resolutions include corrective actions identified by the A-133 independent auditor, additional information or documentation provided by the agency, providing copies of all management decision letters to field staff to follow-up on during monitoring visits, escalation to CSD management, or conduct a field audit of the agency.</p>	<p>No changes anticipated for FY2014</p>	<p>NA</p>	<p><i>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.</i></p>

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.

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT

Attachment 1

Recent Audit Findings

Prior Year Audit Finding Resolutions

4700 - Department of Community Services and Development

2011

Finding Number	Federal Program	Category of Finding	Finding Summary	Status of Corrective Action (Please mark the correct box. See legend below for definitions.)				
				Fully Corrected	Partially Corrected	Remains Uncorrected/ Disagree with finding	Corrective Action Plan (Provide details)	Date Fully Corrected (If applicable)
2011-5-6	93.568	Eligibility	CSD is not ensuring that subrecipients obtain the appropriate documentation to substantiate eligibility determination.		Activities outlined in our corrective action plan are currently in process.		CSD will contact subrecipients to advise of eligibility discrepancies identified through audit and provide training and technical assistance to ensure understanding. Additionally, CSD will host annual training workshops and webinars on eligibility, income, and intake requirements. CSD will also continue to verify client eligibility during monitoring reviews.	
2011-7-7	93.568	Earmarking	CSD lacks sufficient internal controls to ensure that it meets earmarking requirements. Specifically, CSD did not segregate administrative expenditures claimed by subrecipients nor did it segregate amounts spent for energy need reduction services.		Activities outlined in our corrective action plan are currently in process.		In January 2012, CSD implemented the automated tracking system for LIHEAP in the Expenditure Activity Reporting System.	
2011-12-7	93.568	Reporting	CSD lacks sufficient internal controls to ensure that it meets reporting requirements. Specifically, CSD has not reconciled the federal share of program outlays in its accounting system prior to July 2010. Additionally, CSD failed to report subawards to FFATA as required.	Accounting staff reconciled program outlays in financial status reports prior to July 2010. Additionally, CSD has fully implemented its corrective action plan related to FFATA. CSD now posts all awards greater than \$25,000 to FFATA.			CSD will reconcile the federal share of program outlays prior to July 2010.	31-May-12

2011-13-16	93.568	Subrecipient Monitoring	CSD did not ensure that its subrecipients obtained DUNS numbers before providing LIHEAP funds.	CSD has fully implemented its corrective action plan. CSD now collects DUNS numbers for all LIHEAP agencies.			CSD has included language in its 2012 LIHEAP contracts that the subrecipient shall provide to CSD its DUNS number. CSD now collects DUNS numbers for all LIHEAP subrecipients.	
2011-3-2	93.568, 81.042	Cash Management	CSD does not always follow its policies when advancing cash to subrecipients. For one of 16 cash advance payments, the same individual had approved all phases of the payment process. Additionally, CSD's controls over cash advances to subrecipients are not adequate to ensure compliance with federal requirements. Specifically, CSD does not verify that subrecipients deposit advances in interest-bearing accounts nor does it verify that subrecipients returned interest quarterly as required by federal regulations.	CSD has fully implemented its corrective action plan: 1) CSD implemented supervisory review of accounting processes; and 2) CSD implemented procedures in its monitoring tool to verify that advances are deposited into interest bearing accounts and that interest earned is accurately reported and returned.			CSD will remind accounting staff to adhere to the separation of duties policy and will implement a supervisory review of the cash advance payment process. Additionally, CSD will develop and implement procedures as part of its on site monitoring process to verify that subrecipients deposit cash advances in interest-bearing accounts and that any interest earned is returned as appropriate.	
2011-13-17	93.568, 81.042	Subrecipient Monitoring	CSD did not always follow its policies to ensure that subrecipients are expending the Weatherization and LIHEAP funds appropriately. Specifically, CSD failed to include a review of the Weatherization program in 4 of 18 assessments; one assessment was performed nine months late; and two of the assessments lacked evidence of supervisory review. Similarly, CSD failed to demonstrate that in 2 of 18 LIHEAP assessments that steps had been taken to work with subrecipients; and two other assessments lacked evidence of supervisory review.	CSD has fully implemented its corrective action plan. CSD has implemented a tracking system to ensure timely assessments, timely resolution of issues identified, and supervisory review.			CSD will develop and implement a tracking system to ensure assessments are conducted timely, issues are resolved timely, and include supervisory review.	

LEGEND FOR STATUS OF CORRECTIVE ACTION

FULLY CORRECTED: If audit findings were fully corrected and the recommendation(s) were implemented, explain what steps were taken to correct the finding.

PARTIALLY CORRECTED: If audit findings are partially corrected, describe the planned corrective action as well as any partial corrective action taken.

REMAINS UNCORRECTED/DISAGREE WITH FINDING: If you disagree with the finding, your comments should explain fully the reasons for disagreement. Where disagreement is based on interpretation of law, regulation, or the authority of officials to take or not take action, the response must include the legal basis.

REMAINS UNCORRECTED: No corrective action has been implemented or conducted.

Prior Year Audit Finding Resolutions
 4700 - Department of Community Services and Development
 2010

				Status of Corrective Action (Please mark the correct box. See legend below for definitions.)				
Finding Number	Federal Program	Category of Finding	Finding Summary	Fully Corrected	Partially Corrected	Remains Uncorrected/ Disagree with finding	Corrective Action Plan (Provide details)	Date Fully Corrected (If applicable)
2010-7-4	93.568	Earmarking	CSD lacks sufficient internal controls to ensure that it meets earmarking requirements. Community Services does not have a mechanism in place to track final expenditures related to earmarking requirements.				<p>1. Contracts and Accounting will set up the line-item budget detail in EARS/PARC and those dollars will be assigned an object code and tracked separately. The budget line item detail in EARS/PARC have yet to be modified by the IT Department.</p> <p>2. Once that is modified, Accounting will be able to track and reconcile final expenditures.</p>	Jul-11
2010-9-1	93.568	Procurement and Suspension and Debarment	CSD did not comply with the suspension and debarment requirements in the Administration for Children and Families grants' terms and conditions. CSD developed and implemented a process to consult the federal Excluded Parties List System (EPLA) to ensure the subrecipients are not suspended or debarred; because of the timing of its implementation <u>this control was in effect before CSD issued its fiscal year 2009-10 subawards or contracts</u>	CSD was credited by BSA for developing and implementing a new process; however, credit was not given for the 2009 year since the control was not in effect during the year BSA was testing.				
2010-12-2	93.568	Reporting	CSD lacks sufficient internal controls to ensure it meets proper federal reporting requirements. Specifically, CSD's written procedures do not include steps to reconcile the federal share of program outlays from spreadsheets to official accounting records.		Procedures have been updated to reconcile Calstars and Accounting Spreadsheets. Procedures for CSBG and Liheap have been written and adequately document this process. DOE procedres have been updated, but the written procedures are in still in process of being revised.		DOE written procedures are anticipated to be completed by mid July 2011.	
2010-13-4	93.568	Subrecipient Monitoring	CSD's audit services unit (ASU) did not always ensure it issued management decisions on audit findings within six months of receipt of subrecipients' U.S. Office of Management and Budget Circular A-133 reports. In our review of eight subrecipients' audit reports, in one case CSD did not issue a management decision within six months.	All audit reports have been reviewed and a management decision issued within six months.				

LEGEND FOR STATUS OF CORRECTIVE ACTION
FULLY CORRECTED: If audit findings were fully corrected and the recommendation(s) were implemented, explain what steps were taken to correct the finding.
PARTIALLY CORRECTED: If audit findings are partially corrected, describe the planned corrective action as well as any partial corrective action taken.
REMAINS UNCORRECTED/DISAGREE WITH FINDING: If you disagree with the finding, your comments should explain fully the reasons for disagreement. Where disagreement is based on interpretation of law, regulation, or the authority of officials to take or not take action, the response must include the legal basis.
REMAINS UNCORRECTED: No corrective action has been implemented or conducted.

Prior Year Audit Finding Resolutions

4700 - Department of Community Services and Development

2009

Finding Number	Federal Program	Category of Finding	Finding Summary	Status of Corrective Action (Please see legend below for definitions)						
				American Recovery & Reinvestment Act		Fully Corrected (√ only)	Partially Corrected (√ only)	Remains Uncorrected / Disagree with finding (√ only)	Corrective Action Plan (Provide details)	Date Fully Corrected
				Related?	Explanation					
2009-5-8	93.568	Eligibility	Local agencies did not always maintain sufficient documentation such as applicants' monthly income or citizenship status to substantiate their assistance eligibility determinations. Also, CSD allows flexibility when calculating monthly income amounts which could lead to local agencies inappropriately approving applicants whose monthly income would otherwise make them ineligible for assistance. Also, public local agencies did not always obtain sufficient citizenship documents for applicants.	No						
2009-7-13	93.568	Earmarking	Community Services lacks sufficient internal controls to ensure that it meets earmarking requirements. Community Services does not have a mechanism in place to track final expenditures related to earmarking requirements.	No						
2009-9-7	93.568	Procurement and Suspension and Debarment	Community Services did not comply with the suspension and debarment requirements in the Administration for Children and Families grants' terms and conditions. Community Services did not consult the federal Excluded Parties List System (EPLS) to ensure that the subrecipients were eligible for funding before it disbursed funds to them.	No						
2009-12-19	93.568	Reporting	Community Services lacks adequate internal controls to ensure that proper federal reporting requirements are met. Community Services' policies and written procedures do not include procedures to reconcile the federal share of program outlays from spreadsheets to official accounting records.	No						

2009-14-3	93.568	Subrecipient Monitoring	Community Services' audit services unit (ASU) did not always ensure that it issued management decisions on audit findings within six months of receipt of subrecipients' OMB Circular A-133 reports.	No			Partially Corrected		In May 2010, CSD entered into a contract with the Department of Finance to assist in meeting its obligation to review single audits within the required six months.
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LEGEND FOR STATUS OF CORRECTIVE ACTION

FULLY CORRECTED: If audit findings were fully corrected and the recommendation(s) were implemented, explain what steps were taken to correct the finding. If the finding is no longer valid, please describe the circumstances. If corrective action is significantly different from corrective action previously reported in the fiscal year 2008-09 Single Audit Report, then provide an explanation. If this category is not applicable, please such with N/A.

PARTIALLY CORRECTED: If audit findings are partially corrected, describe the planned corrective action as well as any partial corrective action taken. If corrective action is significantly different from corrective action previously reported in the fiscal year 2008-09 Single Audit Report, then provide an explanation. If this category is not applicable, please indicate such with N/A.

REMAINS UNCORRECTED/DISAGREE WITH FINDING: If you disagree with the finding, your comments should explain fully the reasons for disagreement. Where disagreement is based on interpretation of law, regulation, or the authority of officials to take or not take action, the response must include the legal basis. If this category is not applicable, please indicate such with N/A.

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT

Attachment 2

Privacy-Protection and Confidentiality

State Administrative Manual, Management Memo MM 08-11

MANAGEMENT MEMO

SUBJECT: SAFEGUARDING AGAINST AND RESPONDING TO A BREACH OF SECURITY INVOLVING PERSONAL INFORMATION	NUMBER: MM 08-11
	DATE ISSUED: NOVEMBER 6, 2008
	EXPIRES: UNTIL RESCINDED
REFERENCES: CALIFORNIA INFORMATION PRACTICES ACT OF 1977 (CIVIL CODE SECTIONS 1798 ET. SEQ); STATE ADMINISTRATIVE MANUAL (SAM) SECTIONS 5100 AND 5300 THROUGH 5399	ISSUING AGENCY: OFFICE OF INFORMATION SECURITY AND PRIVACY PROTECTION

BACKGROUND AND PURPOSE

Government Code section 11549.3 charges the Office of Information Security and Privacy Protection (OISPP) with responsibility for the creation, updating, and publishing of information security and privacy policies, standards, and procedures directing state agencies to effectively manage security and risk for information and information technology (as defined).

The purpose of this Management Memo (Memo) is to announce a new policy requirement and procedural directive related to a state agency’s response to a breach of security involving personal information. It also serves to reinforce state agency responsibilities under existing law and state policy for safeguarding personal information collected, used, maintained, and/or held in custodianship in conjunction with the administration of state programs and services, and to clarify existing security incident management policies and procedures.

Safeguarding against and preventing security breaches involving personal information is essential to maintaining the public’s trust in government. Failure to protect personal information can place people in jeopardy in a variety of ways, including identity theft, damage to reputation, and physical injury.

While ultimate responsibility rests with agency heads, every employee plays a role in the protection of personal information. This Memo should receive the widest possible distribution within state agencies, and each organization and individual must understand their specific responsibilities for implementing and complying with information security and privacy requirements and procedures.

GENERAL POLICY

Longstanding policies articulated in State Administrative Manual (SAM) and law, including but not limited to SAM Sections 5100 and 5300 through 5399, and the California Information Practices Act (IPA) of 1977 (Civil Code sections 1798 et seq.), require all state agencies to establish:

- Ongoing data inventory and classification procedures for all records held by the agency. (SAM section 5320.5 and Chapter 1600).
- Administrative, technical, and physical safeguards to appropriately ensure the security (confidentiality, integrity, and availability) of those records and to protect against anticipated threats or hazards that could result in any injury. (SAM sections 5310 and 5325, and Civil Code section 1798.21).
- Rules of conduct for any person involved in the design, development, operation, use, disclosure, maintenance, and destruction of records

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containing personal information. (Management Memo 06-12, SAM sections 5310 and 5325, and Civil Code section 1798.20).

- Ongoing training and instruction to any persons involved in the design, development, operation, use, disclosure, maintenance, and destruction of records containing personal information about the rules and consequences of noncompliance. (SAM section 5325 and Civil Code section 1798.20).
- Encryption of portable computing devices and media that contain confidential, personal and sensitive information. (SAM section 5345.2)
- Use of the American National Standards Institute (ANSI) management information standards and the Federal Information Processing Standards (FIPS) in their information management planning and operations. (SAM section 5100). The ANSI standards are national consensus standards that provide guidance on a variety of issues central to the public and industrial sectors. Under the Information Technology Management Reform Act (Public Law 104-106), the Secretary of Commerce approves standards and guidelines that are developed by the National Institute of Standards and Technology (NIST) for Federal computer systems. These standards and guidelines are issued by NIST as FIPS for use government-wide. NIST develops FIPS when there are compelling Federal government requirements such as for security and interoperability and there are no acceptable industry standards or solutions. Guidance documents and requirements for implementing these standards include, without limitation, those related to the [validation of cryptographic modules](#) found in encryption products used for the protection of confidential, personal, or sensitive information.
- A process to ensure individuals are notified when a security breach involving their personal information has occurred. (SAM section 5350.3 and Civil Code section 1798.29).

PERSONAL INFORMATION DEFINED

The IPA broadly defines personal information in Civil Code section 1798.3 as "any information that is maintained by the agency that identifies or describes an individual, including, but not limited to, his or her name, social security number, physical description, home address, home telephone number, education, financial matters, and medical or employment history. It includes statements made by or attributed to, the individual."

For purposes of both the legal and state policy breach notification requirements, the subset of personal information as defined in Civil Code section 1798.29, subsections (e) through (f) is used and hereinafter referred to as "notice-triggering" information.

EXISTING SAFEGUARD REQUIREMENTS

The following are particularly important requirements within the existing legal and policy framework that state agencies should already have implemented to safeguard personal information:

1. Rules and Controls Limiting Access. Agencies must ensure that their access control policies and practices support the principle of "least privilege" and appropriate segregation of duties. Least privilege refers to the granting of employee access to personal information or systems based

on a legitimate business need to access the information in the performance of their job duties (refer to [Chapter 16, of NIST SP-800-12, An Introduction to Computer Security](#)). Agencies must also implement controls to detect and deter misuse, unauthorized access, or access that exceeds the limits of an employee's authorized access. For example, an employee may, by virtue of his or her job-related duties, have access to all records in a particular database or system, including records that may be held by the agency about those personally known to him or her (e.g., friends, family members, neighbors, etc.). However, that employee should not access those records unless specifically assigned a job-related duty in support of the processing or handling of such records. Agencies must also employ, to the extent practical, technical controls to automate compliance with these requirements. (SAM sections 5100, 5335.1, 5335.2, 5340, and 20050).

2. Employee Training. **Before** permitting access to agency information and information systems, agencies must train all employees (including managers and contracted staff) about their privacy and security responsibilities. Supervisors must also be trained about their role and responsibilities for providing day-to-day instruction, training and supervision of staff regarding their obligation to safeguard personal information. Thereafter, agencies must train employees at least once annually to ensure employees continue to understand their responsibilities. Additional or advanced training should also be provided commensurate with increased responsibilities or changes in duties. Both initial and refresher training must cover acceptable rules of behavior and the consequences when rules are not followed. For agencies implementing telecommuting or telework, and other authorized remote access programs, training must include the rules of such programs. (SAM section 5325 and Civil Code section 1798.20).
3. Signed Acknowledgements. Agencies must ensure that all individuals with authorized access to personal information sign an acknowledgement at least once each year to demonstrate both their receipt of the rules and requisite training, as well as their understanding of the consequences for failure to follow the rules. (SAM section 5325).
4. Written Agreements with Third Parties. Agencies must ensure that when personal information is shared with third parties, it is either specifically permitted or required by law and that a written agreement is executed between the parties. The written agreement is to identify the applicable Federal and state laws, as well as all departmental policies, standards, procedures, and security controls that must be implemented and followed by the third party to adequately protect the information. The agreement must also require the third party, and any of its sub-contractors with whom they are authorized to share the data, to share only the minimum personal information necessary, to securely return or destroy the personal information upon expiration of the contract, and to provide immediate notification to the state agency, and to individuals when appropriate, whenever there is a breach of personal information. (SAM sections 5310 and 5320.3, and Civil Code section 1798.19).
5. Encryption. Agencies must encrypt all confidential, personal, or sensitive data on mobile devices or media whenever that type of information is

authorized for use on such devices or media, using only NIST certified cryptographic modules (FIPS 140-2 validated products). (SAM sections 5100 and 5345.2).

6. Review and Reduce Current Personal Information Holdings. Agencies must review current holdings of all records containing personal information and ensure to the maximum extent practical, such holdings are reduced to the minimum necessary for the proper performance of a documented agency function. (Civil Code section 1798.14).
7. Review Current Forms and Other Methods of Personal Information Collection. Agencies must review all current forms, paper, and any other methods (e.g., online or telephony) used to collect personal information, to ensure the specific authority or authorization to collect such information exists, and appropriate notice is included on or with any such forms. (Civil Code section 1798.17).
8. Eliminate Unnecessary Collection and Use. When in the course of such reviews, the collection of personal information is no longer necessary for an authorized business purpose, agencies shall ensure that its collection is discontinued, and that the forms or any other methods used to collect this information are properly retired, revised, or replaced. (Civil Code section 1798.14).
9. Explore Alternatives to the Use of Social Security Numbers. Many recently enacted privacy laws prohibit the use of Social Security numbers as personal identifiers in state systems, or specifically require truncation when they must be used. All state agencies should participate in government-wide efforts to explore alternatives to the use of Social Security numbers as a personal identifier for both recipients of state programs and services, and state employees. (Civil Code sections 1798.14 and 1798.85).
10. Review Internal Controls to Safeguard Personal Information. Agencies must ensure that their risk management practices and ongoing assessments and reviews include evaluations of the adequacy of controls implemented to safeguard personal information held by the agency, and its contractors, and its other custodians with whom data may be shared. Internal controls include "Information Technology" controls, as well as administrative controls. (SAM sections 5305 to 5305.2). Further, in accordance with the California Financial Integrity and State Manager's Accountability Act (FISMA) of 1983 (Government Code Sections 13400 through 13407), "internal accounting and administrative controls are the methods through which reasonable assurances can be given that measures adopted by state agency heads to safeguard assets, check accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed." To ensure the state FISMA requirements are fully complied with, the head of each state agency must conduct an internal review and report on the adequacy of its internal controls by December 31, of each odd numbered year to the Legislature, the State Auditor, the Governor, the Director of the Department of Finance, and the State Library. (SAM section 20060). An agency's review of personal information holdings, personal information collection methods, and internal controls to

safeguard personal information may be completed in conjunction with the agency's biennial FISMA review.

EXISTING INCIDENT MANAGEMENT AND BREACH RESPONSE REQUIREMENTS

Existing state law and state policy require agencies to carry out the following incident management and breach response responsibilities:

1. Promptly investigate incidents involving the improper dissemination of information, or the loss, damage, or misuse of information assets. Incident management includes the formulation and adoption of an incident management plan that provides for the timely assembly of appropriate staff and their response to, reporting on, and recovery from a variety of incidents. Incident management also includes the application of lessons learned, and the determination of, and implementation of appropriate corrective actions to prevent or mitigate the risk of similar occurrences. (SAM sections 5350 and 8643).
2. Immediately report any security incident, including any breach of personal information as defined by Civil Code Section 1798.3 (includes non notice-triggering personal information) to the California Highway Patrol's Emergency Notification and Tactical Alert Center (ENTAC) at (916) 657-8287. (SAM sections 5350.2 and 8643, and Government Code section 14613.7).
3. Notify individuals when a breach of their personal information was, or is reasonably believed to have been acquired by an unauthorized person. Civil Code section 1798.29, sub-sections (e) through (f) specifically require notification to individuals in breaches of unencrypted computerized personal information of a specified type (which is referred to as "notice-triggering" information). Notice-triggering information includes the first name or first initial and last name in combination with any one or more of the following data elements:
 - a. Social Security number.
 - b. Driver's license number or California Identification Card number.
 - c. Account number, credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account.
 - d. Medical information (as defined).
 - e. Health insurance information (as defined).

While Civil Code section 1798.29 focuses on computerized data elements, the current state policy requires notification when a breach of an individual's personal information involves these same "notice-triggering" data elements or otherwise exposes individuals to substantial risk of harm, regardless of the data medium. (SAM section 5350.3).

4. Prepare and submit a written follow-up Agency Security Incident Report (SIMM 65C form) to OISPP, within ten (10) business days from the date of initial reporting to ENTAC, that describes what occurred, what steps or actions were taken to mitigate the risk of recurrence, and the cost associated with both the incident and any corrective action. (SAM sections 5350.3 and 5360.1).

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NEW BREACH RESPONSE REQUIREMENTS AND PROCEDURAL DIRECTIVE

Effective immediately, any breach notification issued by a state agency, or the agency's contractor or custodian, in conjunction with a breach of state owned information assets must be submitted to OISPP for review and approval prior to its dissemination or release to affected individual(s). This process will help ensure consistency and clarity of notifications, as well as the accuracy of the privacy protection procedures and instructions provided in the notification.

While the decision to notify individuals ultimately rests with agency heads; when a breach occurs, agencies must seek guidance from, and consult with, the OISPP, as well as the agency's Legal Office, Information Security Officer and Privacy Officer/Coordinator regarding the means by which individuals will be notified.

In support of this policy, and to ensure state agencies understand their responsibilities for making notification to individuals affected by a breach, OISPP has also issued a new State Information Management Manual (SIMM) document as a procedural directive, entitled *SIMM 65D-Personal Information Breach Notification: Requirements and Decision-Making Criteria for State Agencies*. This document outlines the current breach notification requirements; the requirements for developing a protocol for internal notifications; identifies decision making criteria that must be included in a decision making procedure; and, provides a comprehensive checklist and notification templates to assist state agencies with response to a breach of personal information.

ROLES AND RESPONSIBILITIES

All state agencies and their employees, including contractors, state data custodians, and volunteer service workers, are required to adhere to these policies. Furthermore, state agencies are required to acknowledge the extent to which they are meeting these requirements in their Agency Risk Management and Privacy Program Certification, submitted annually to the OISPP. (SAM sections 5300.3, 5315.1, 5320 through 5320.4, and 5360.1).

"Agencies" includes all state agencies, departments, offices, boards, commissions, institutions, and special organizational entities unless otherwise specifically exempted by law or state policy reference. (SAM section 5300.2).

SAM AND SIMM UPDATES

Changes to the SAM will be forthcoming and will appear in the next update of the SAM. To see the substance of this policy change, you may refer to the following described documents on the OISPP Web site at: www.infosecurity.ca.gov:

1. Advance Copy of Changes to State Administrative Manual sections 5320.2, 5320.3, 5320.5, 5350, and 5350.4
2. SIMM 65D-Security Breach Involving Personal Information: Requirements and Decision Making Criteria for State Agencies

QUESTIONS

Questions regarding this Memo and related documents may be directed to OISPP at (916) 445-5239 or by email at Security@oispp.ca.gov

SIGNATURE

Original signed by Michael Saragoza, Undersecretary
For Rosario Marin, Secretary

Rosario Marin, Secretary
State and Consumer Services Agency

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT

Attachment 3

*Privacy-Protection and Confidentiality
Department of Finance, Budget Letter 04-35*

BUDGET LETTER

	NUMBER: 04-35
SUBJECT: SAFEGUARDING ACCESS TO STATE DATA	DATE ISSUED: November 16, 2004
REFERENCES: STATE ADMINISTRATIVE MANUAL SECTIONS 4840.4, 4841.2 4841.3	SUPERSEDES:

TO: Agency Secretaries
Department Directors
Departmental Budget Officers
Departmental Chief Information Officers
Departmental Information Security Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Note: Budget Officers are requested to forward a copy of this Budget Letter (BL) to your department's Information Security Officers (ISOs) and department's Chief Information Officers (CIOs). The Finance State ISO Office will also distribute this BL separately to the ISOs and CIOs on the current contact list.

BACKGROUND

The Department of Finance (Finance) is responsible for establishing the framework for the State's information technology (IT) security policies and activities, and for IT security oversight. This BL expands upon and clarifies policy about protecting the State's information resources.

The State Administrative Manual (SAM) Section 4841.2, Information Integrity and Security, requires that each agency provide for the integrity and security of its automated files and databases. New policy in this section requires written agreements with vendors, consultants, or researchers before they are allowed access to State data.

Although some agencies already have practices in place that support these policies, it is critical that State data in all agencies be protected through good policy and practice.

POLICY

The following definition and policy are effective immediately. The changes will appear in the next update of the SAM. You may refer to Attachment I, "Advance Copy of Changes to State Administrative Manual Sections 4840.4 and 4841.2," to see the context of this policy change.

Definition:

Non-State Entity. A business, organization, or individual that is not a State entity, but requires access to State information assets in conducting business with the State. (This definition includes, but is not limited to, researchers, vendors, consultants, and their employees, and entities associated with federal and local government and other states.)

Policy:

Each agency must provide for the integrity and security of its information assets by ensuring that responsibility for each automated file or database is defined.

Every agency must establish appropriate policies and procedures for preserving the integrity and security of each automated file or database. This requirement includes the use of agreements with non-state entities, to cover, at a minimum, the following:

- Appropriate levels of confidentiality for the data, based on data classification (see SAM section 4841.3);
- Standards for transmission and storage of the data, if applicable;
- Agreement to comply with all State policy and law regarding use of information resources and data;
- Signed confidentiality statements;
- Agreement to apply security patches and upgrades, and keep virus software up-to-date on all systems on which the data may be used; and
- Agreement to notify the State data owners promptly if a security incident involving the data occurs.

CONTACTS AND QUESTIONS

You may call the State ISO Office at (916) 445-5239 if you have questions about this BL or about the practices.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachment

Advance Copy of Changes to State Administrative Manual Sections 4840.4 and 4841.2

New text is in italics; nothing was deleted.

4840.4 DEFINITIONS

Confidential Information. Information maintained by state agencies that is exempt from disclosure under the provisions of the California Public Records Act (Government Code Sections 6250-6265) or other applicable state or federal laws. See SAM Section 4841.3.

Critical Application. An application that is so important to the agency that its loss or unavailability is unacceptable. With a critical application, even short-term unavailability of the information provided by the application would have a significant negative impact on the health and safety of the public or state workers; on the fiscal or legal integrity of state operations; or on the continuation of essential agency programs.

Custodian of Information. An employee or organizational unit (such as a data center or information processing facility) acting as a caretaker or an automated file or database.

Disaster. A condition in which an information asset is unavailable, as a result of a natural or man-made occurrence, that is of sufficient duration to cause significant disruption in the accomplishment of agency program objectives, as determined by agency management.

Hardening. A defense strategy to protect against attacks by removing vulnerable and unnecessary services, patching security holes, and securing access controls.

Information Assets. (1) All categories of automated information, including (but not limited to) records, files, and databases; and (2) information technology facilities, equipment (including personal computer systems), and software owned or leased by state agencies.

Information Integrity. The conditions in which information or programs are preserved for their intended purpose; including the accuracy and completeness of information systems and the data maintained within those systems.

Information Security. The protection of automated information from unauthorized access (accidental or intentional), modification, destruction, or disclosure.

Owner of Information. An organizational unit having responsibility for making classification and control decisions regarding an automated file or database.

Non-State Entity. *A business, organization, or individual that is not a State entity, but requires access to State information assets in conducting business with the State. (This definition includes, but is not limited to, researchers, vendors, consultants, and their employees, and entities associated with federal and local government and other states.)*

Physical Security. The protection of information processing equipment from damage, destruction or theft; information processing facilities from damage, destruction or unauthorized entry; and personnel from potentially harmful situations.

Advance Copy of Changes to State Administrative Manual Sections 4840.4 and 4841.2

Privacy. The right of individuals and organizations to control the collection, storage, and dissemination of information about themselves.

Public Information. Any information prepared, owned, used, or retained by a state agency and not specifically exempt from the disclosure requirements of the California Public Records Act (Government Code Sections 6250-6265) or other applicable state or federal laws.

Risk. The likelihood or probability that a loss of information assets or breach of security will occur.

Risk Analysis. The process of evaluating: (a) the vulnerability of information assets to various threats, (b) the costs or impact of potential losses, and (c) the alternative means of removing or limiting risks.

Risk Management. The process of taking actions to avoid risk or reduce risk to acceptable levels.

Sensitive Information. Information maintained by state agencies that requires special precautions to protect it from unauthorized modification, or deletion. See SAM Section 4841.3. Sensitive information may be either public or confidential (as defined above).

User of Information. An individual having specific limited authority from the owner of information to view, change, add to, disseminate or delete such information.

4841.2 INFORMATION INTEGRITY AND SECURITY

Each agency must provide for the integrity and security of its information assets by:

1. Identifying all automated files and databases for which the agency has ownership responsibility (see SAM Section 4841.4);
2. Ensuring that responsibility for each automated file or database is defined with respect to:
 - a. The designated owner of the information within the agency;
 - b. Custodians of information; and
 - c. Users of the information;
 - d. Ensuring that each automated file or database is identified as to its information class (SAM Section 4841.3) in accordance with law and administrative policy;
 - e. Establishing appropriate policies and procedures for preserving the integrity and security of each automated file or database including:
 1. *Agreements with non-state entities to cover, at a minimum, the following:*

Advance Copy of Changes to State Administrative Manual Sections 4840.4 and 4841.2

- e. Server hardening policy, which must cover all servers throughout the department, not only those that fall within the jurisdiction of the department's IT area. The policy must include the process for making changes based on newly published vulnerability information as it becomes available. Further, the policy must address, and be consistent with, the department's policy for making security upgrades and security patches.

Each state data center must carry out these responsibilities for those automated files and databases for which it has ownership responsibility. See SAM Sections 4841.4 and 4841.5.

Oversight responsibility at the agency level for ensuring the integrity and security of automated files and databases must be vested in the agency Information Security Officer.

The head of each agency is responsible for compliance with the policy described in this section. See SAM Section 4841.1.

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT

Attachment 4

Privacy Protection and Confidentiality

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Training and Technical Assistance

CSD – Administrative Services Memo 07-02

	NUMBER 07-02
DISTRIBUTION ALL CSD EMPLOYEES	DATE ISSUED March 17th, 2009
SUBJECT COMPUTER SECURITY POLICY	EXPIRES Until amended, superseded, or withdrawn
REFERENCES California Civil Code Section 1798.29 45 C.F.R. Section 160.103 STATE ADMIN. MANUAL (SAM) Section 5300-5399, 8643, 8650, & 8651 Budget Letter BL 05-08 & BL 05-032 Management Memo 06-12 Adm. Serv. Memo #01-06	SUPERSEDES 05-02
INQUIRIES SHOULD BE DIRECT TO: Ed Lee, Chief Information Officer to elee@csd.ca.gov or 916-341-4314	
SIGNATURE: Original is Signed	

This policy is a reference document for employees to be familiar with a number of computer use topics such as Computer Security, Security Training Program, and Computer Safety. Along with providing direction, this policy is intended to instruct managers, supervisors, and employees about their information security responsibilities. Information in this policy is based on security requirements contained in the State Administrative Manual (SAM) Section 5300-5399 on Information Technology.

Included in the Computer Security Policy under Section III is the Computer Security and Confidentiality Statement. When completed, this statement complies with SAM Section 5325, which requires that each employee sign an acknowledgement of their computer security responsibilities. Please complete the following steps:

- * All supervisors and employees will read the Computer Security Policy to understand the Department's computer security policies and practices.
- * All personnel will sign and date the Computer Security and Confidentiality Statement.
- * Supervisors will also sign each form to confirm that all personnel have read and understood the policy.

* All signed certifications will be maintained in the employee's personnel file in the Human Resources Office as documentation of compliance with the Department's policy and SAM Section 5325.

Departmental management is committed to keeping this policy as current as possible. Meeting this goal is a challenge since computer security is a rapidly changing field. If you have any questions or wish to discuss this guide in more detail, please contact the Department's Information Security Officer (ISO).

I. **COMPUTER SECURITY INTRODUCTION**

The Department of Community Services and Development (CSD) has established these policies and procedures to address computer access and data security. CSD employees should adhere to these policies and procedures when accessing automated information systems in their use of computers and related devices. Refer to the Information Technology Section of the State Administrative Manual (SAM) Section 5300-5399 for additional clarification of these security requirements.

A. **OWNERS, CUSTODIANS, AND USERS OF INFORMATION RESOURCES**

The protection of information assets, both paper and electronic format, requires the support and ongoing participation of all owners, custodians, and users of these records. The determination of the custodial and user responsibilities is specific to the information collected, retrieved and/or published for certain audience of viewers.

Owners

Ownership of electronic information resources generally rests with the Department's Information Technology Services Unit. Paper based records ownership falls to the organization originating the document and/or publishing the document. Ownership responsibility for specific data generally rests with the unit management that generates or employs the data. The classification of the information that is entered, processed or distributed is the responsibility of the data owner.

Information access authority should be reviewed on a regular basis, as well as whenever an employee transfers, promotes, separates, or is terminated from state service. Information access authority should be modified or terminated as appropriate.

Custodians

The Information Technology Services Unit staff are the custodians of the information systems and the electronic data for the department. The Local Area Network (LAN) Administrator manages and maintains the LAN environment. The responsibilities of the custodians of information include

the following:

- Comply with all applicable laws, SAM provisions, and CSD policies and procedures.
- Maintain a secure physical and operational environment for storing and processing data resources. Offer support services, information processing services, and technical capabilities, as applicable.
- Advise CSD staff of security vulnerabilities within the system and recommend safeguards.
- Assist in implementing appropriate security precautions.
- Notify the Information Security Officer (ISO) of any actual or attempted security violations and assist in preparing the Security Incident Report (SAM Section 5350) and follow procedures outlined in the CSD Administrative Memorandum 03-01.
- Review information access authority on a regular basis, as well as each time an employee transfers, promotes, separates, or is terminated from state service. Information access authority should be modified or terminated as appropriate.
- Follow appropriate backup and recovery procedures.

Users

Users of information are individuals and state agencies that utilize the information that is processed by automated information systems. Users have specific limited authority from the owner of information to view, change, and/or delete such information.

B. OFF-SITE USAGE

Employees who work from a remote location will exercise the same controls over state-owned electronic and paper data off-site as they do at the Department work site. State-owned data records are considered "confidential" or "sensitive" at the office maintains its classification and access-restrictions off-site. Employees will not permit others access or viewing privileges of such data. Confidential, sensitive and private data releases, which occur by an employee off-site, may result in disciplinary action.

Employees who take state-owned equipment, such as laptop computers LCD projectors off-site and wireless devices, will exercise the same controls over state-owned equipment as they do at the Department work site.

C. CSD INFORMATION SECURITY

The CSD Information Security Officer (ISO) oversees information policies and practices and evaluates the risk management program with respect to information and systems security.

The ISO's responsibilities include the following:

- Oversee agency compliance with policies and procedures regarding the security of information assets (SAM Section 5300.3);
- Review and approval of all Information Security Incident Reports and oversee corrective action to remedy the problem identified (SAM Section 5350);
- Monitor ongoing risk analysis of computer/network applications (SAM Section 5305.1);
- Oversee the development of the Department's Operational Recovery Plan (SAM Section 5355.1);

II. SECURITY TRAINING PROGRAM

The Department has established security measures that recognize requirements of SAM Section 5325. Good security practices are expected of each CSD employee. The following is an overview of good security practices, proprietary software, computer viruses, electronic mail, network information connections, and information security violations which each employee should be aware.

A. GOOD INFORMATION SECURITY PRACTICES

- CSD users accessing CSD information assets must use due care to preserve data integrity and confidentiality.
- Passwords should be treated as confidential information and must be changed on a regular basis so that security, in terms of access, is being maintained.
- CSD users accessing CSD data must take appropriate precautions to ensure the protection of that data from unauthorized access or destruction.
- CSD staff must take reasonable precautions to prevent virus contamination of CSD data files (see section B for further details).
- Use of CSD information assets and computer resources shall be for CSD BUSINESS PURPOSES ONLY.

- Access to the CSD Local Area Network (LAN) system shall be through assigned user identifiers (IDs) and passwords.

B. PROPRIETARY SOFTWARE

Software license agreements shall be strictly followed. Proprietary software cannot be duplicated, modified, or used on more than one machine, except as expressly provided for in the manufacturer's license agreement.

It is the policy of CSD to use commercial software packages for personal computers whenever practical, rather than undertake independent software development.

CSD users may not install freeware or software purchased by them unless the software is approved and added to CSD's supported software list. Unsupported software will be removed.

C. COMPUTER VIRUSES

CSD users must take reasonable precautions to prevent virus contamination of state systems. Caution should be utilized when importing free software from bulletin boards or the Internet. They can be a prime source of computer viruses. No personal or unlicensed software from home and/or from any other source is permitted to be installed in any CSD computer without permission from the Information Technology Services Unit (ITS). In addition, external data or other media files (e.g., jpg, mp3, wma, etc.) may not be used on a CSD computer unless it has been approved by ITSU.

CSD users that access CSD network resources remotely via the GoToMyPC, wireless connections, etc. are responsible for having anti-virus software for any employee owned computers. Users are also responsible for keeping the anti-virus software licensed and up to date.

D. ELECTRONIC MAIL (E-MAIL)

The Department of Community Services and Development (CSD) provides electronic mail (e-mail) services for all staff. This policy applies to all CSD employees and refers to all electronic mail accounts at CSD.

CSD employees who use electronic mail or remotely connects to a CSD email account consent to all of the provisions in this policy and agree to comply with all of its terms and conditions and with all applicable state and federal laws and regulations.

Employees who violate this policy will be subject to disciplinary action, up to and including termination of employment.

Privacy

CSD cannot guarantee the privacy or confidentiality of any electronic mail message or document. Users should be aware that these transmissions are not secure. Confidential information should not be exchanged via electronic mail without the use of additional security precautions (e.g., encryption, password protected files, etc.).

Proper Use

CSD provides electronic mail service to its employees to enhance their ability to quickly and conveniently send and receive written communications and documents for the purpose of conducting state business. Any use of this service that interferes with these functions is improper.

Employees who use the electronic mail service are expected to do so responsibly, to comply with state and federal laws, with policies and procedures of the department, and with normal standards of professional and personal courtesy and conduct. For example, an e-mail message that will be sent to all CSD staff or to Executive Staff should be reviewed and approved by the sender's supervisor/manager, as would a hard copy memo being sent to these recipients. The same reporting lines should apply as appropriate (from staff to supervisor, to manager, to deputy director, to chief deputy director, to director).

Other considerations should include the urgency of the message, the length of the message, and the nature of the message. E-mail messages normally involve short, concise, communications about very current or urgent business matters. Lengthy documents and purely informational material are better shared through the CSD Intranet or shared via regular internal office mail system. An exception would be a document being e-mailed to your supervisor for editing.

The nature of the message is also important. E-mail communications are not intended to take the place of interpersonal verbal communication that is necessary and appropriate to conduct business. CSD expects its employees to exercise good judgment in deciding which matters are communicated by e-mail rather than by telephone or in person. For example, sensitive personnel issues are not appropriately conducted or resolved by electronic communication. Questions about these distinctions should be directed to the employee's supervisor/manager or to the Deputy Director for Administrative Services.

As the owner of the electronic mail system, CSD reserves the right to monitor and inspect electronic mail transmissions for reasonable business purposes. *Electronic mail may only be used for legitimate state business purposes.*

Improper Use

Electronic mail transmission must not be used to contact others for commercial ventures, religious or political causes, or other non-business purposes such as "junk mail", jokes, or chain letters.

CSD strives to maintain a workplace free of harassment and sensitive to the diversity of its employees. Therefore, CSD prohibits the use of the electronic mail service in ways that are disruptive, offensive to others, harmful to morale, or discredit and/or reflect poorly on CSD in any way.

- *Example: The display or transmission of sexually explicit images, messages, and cartoons is not allowed. Other such misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment or showing disrespect for others.*

In general, policies and regulations that apply to other forms of communication at CSD also apply to electronic mail. For example, it is CSD's policy that personal information about an employee, such as illness or a death in the family, should not be shared with other staff or the entire staff until the employee has agreed with his/her supervisor to share the information. The employee's manager should issue any electronic mail messages about such personal matters.

In addition, the following specific actions and uses of electronic mail are improper:

- Concealment or misrepresentation of names or affiliations in electronic mail messages.
- Alteration of source or destination addresses of electronic mail.
- Use of electronic mail to aid in unlawful activities.
- Use of electronic mail for commercial or private business purposes.
- Use of electronic mail, which unreasonably interferes with or threatens other individuals.
- Use of electronic mail that degrades or demeans other individuals.

CSD electronic mail service shall not be used for purposes that could reasonably be expected to cause, directly or indirectly, excessive strain on any computing or networking facility, or unwarranted or unsolicited interference with others' use of electronic mail. These uses include but are not limited to:

- sending and/or forwarding chain letters;
- "letter bombs" or sending the same electronic mail message repeatedly to one or more recipients to interfere with the recipient's use of electronic mail; and

- to exploit list servers or similar broadcast systems for purposes beyond their intended scope to amplify the widespread distribution of unsolicited electronic mail.

Employees should notify their immediate supervisor, the Information Security Officer, or any other member of management upon learning of a violation of this policy.

Security

All users of electronic mail are advised to take necessary precautions to protect the confidentiality of electronic mail messages and documents or other records containing personal or confidential information encountered in the performance of their duties or otherwise. They should therefore utilize whatever means of protection, such as passwords, that are available to them to safeguard their electronic mail. Since such means of protection are not necessarily foolproof, the security and confidentiality of electronic mail cannot be guaranteed.

E. LOCAL AREA NETWORK

- Groups in the shared folders are established and maintained by the Network Administrator.
- To establish a new group or to modify an existing group requires a request to be submitted to the Product Specialist.
- Because shared files can only be opened by one person at a time, files should not be left open when you are going to be away from your computer for 15 minutes or longer (i.e., breaks, attending meetings, having lunch).
- The user will be responsible for "managing" the files stored in the user's network folder (i.e., removing inactive/duplicate files).
- The user will be responsible to logout of their network account each evening prior to departure from CSD nor will any employee maintain an active remote connection when not necessary.

F. INFORMATION SECURITY VIOLATIONS

The ISO, with full departmental support and authority, will treat violations of security policy with the utmost seriousness. In the course of enforcing this Department's information security policies and procedures, the ISO may recommend taking disciplinary action. The specific disciplinary action that will be taken depends upon the nature of the violation and the impact on the Department's information assets and/or facilities. Disciplinary action may include:

- A written letter of reprimand;
- Time off without pay;
- Reduction in pay;
- Demotion;
- Dismissal from state service;
- Criminal prosecution.

Follow-up and resolution of reported security incidents will be prompt. During the time when a suspected violation is under investigation, the suspected violator's access privileges may be revoked and/or other action may be taken to prevent harm to CSD's information assets. Depending on the infraction, a Security Incident Report may be required as described above.

III. COMPUTER SAFETY

Steps should be taken to protect computer equipment from theft and unauthorized use. Desktop systems should be kept in secure areas or should be physically attached to a desk or table. The following is an overview of the CSD computer safety policies and procedures.

A. BACKUP/RECOVERY PROCEDURES AND OFF-SITE STORAGE

To guard against the loss of data and programs and to ensure the availability and integrity of application software and data, the Information Technology Services Unit will maintain back-up copies of all programs and data on the LAN according to the following guidelines:

- A regular schedule for making backup copies of all data files shall be established by the Information Technology Services staff.
- Unit management, in coordination with the ISO, will ensure that backup procedures are carried out.
- Depending on the nature of the information, backup files may need to be stored at an off-site location.
- If software cannot be copied to make backups (because of copy protection or legal restrictions), enough information must be retained to allow an identical copy to be obtained if necessary.
- To ensure that data/documents are backed up, all files should be

saved on the LAN. Files saved on the local workstations are the responsibility of the end user.

B. PASSWORD PROTECTION (Securing the Data from Unauthorized Access)

CSD employees are responsible for the confidentiality and security of their passwords. **Shared passwords are prohibited.** To protect the Department's LAN resources, either password protect your screen saver or log off the computer when your workstation is unattended.

- Logon ID's are limited to 11 (eleven) characters, with no minimums.
- The first time a user logs on to their computer, the LAN administrator will assign the password. The user will then be prompted to change their password ID.
- Passwords must be at least six (6) characters long, and are case sensitive.
- If a password is forgotten, a request must be submitted to the Product Specialist.
- Passwords are good for 60 days. At the end of 60 days the password must be changed. The same password cannot be used twice.

C. FILE ENCRYPTION (Securing the Data from Accidental or Unauthorized Access)

Confidential data files should be protected from unauthorized access or modification through data encryption.

D. RISK MANAGEMENT PROGRAM - Operational Recovery Planning (ORP)

A risk management program includes a contingency plan that addresses what to do if, and when, your computer and/or the data files are violated, lost, damaged, or inaccessible. Other terms for contingency plan are Disaster Recovery Plan or Operational Recovery Plan (ORP). The ORP contains detailed procedures that will help assure continued agency operations in the event of a disaster (SAM Section 5355). The ORP is part of the Department's overall Business Recovery Plan. Responsibility for preparing and updating the ORP resides with the management of each program. The ORP is a tool to the program management to recover its information assets in the event of a major disaster.

COMPUTER SECURITY AND CONFIDENTIALITY STATEMENT

I have read the Computer Security Policy Guide and will comply with the security requirements indicated in the guide. Also, I understand the need to:

1. Exercise due care to preserve data integrity and confidentiality.
2. Treat passwords as confidential information and change them on a regular basis to help ensure that security is maintained.
3. Take reasonable precautions to ensure the protection of CSD data from unauthorized access or destruction.
4. Notify my supervisor and the CSD Information Security Officer when aware of a possible security violation including unauthorized access, loss or destruction of equipment, misuse, theft, possible virus, etc. (see Section 5350 of the State Administrative Manual).
5. Re-certify by completing this form annually.

CERTIFICATION

I understand that unauthorized access, attempted access, or use of any computer systems and/or data of the State of California is a violation of Section 502, of the California Penal Code, and is subject to prosecution.

_____	_____	_____
User name (print)	Division	Unit
_____	_____	_____
User signature	Date	Telephone number
_____	_____	_____
Supervisor signature	Date	Telephone number

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT

Attachment 5

*Procedures for Unregulated Energy Vendors
CSD - ECIP/HEAP Payment Request and Confirmation
(Non-Regulated Utility Companies Only)*

**ECIP/HEAP PAYMENT REQUEST AND CONFIRMATION
 (NON-REGULATED UTILITY COMPANIES ONLY)**

To:	Utility Company's Name:	Attention:		
From:	Agency's Name:			Date of Request:
	Mailing Address:	City:	State:	Zip:
	Agency Contact Person:			Phone:

Instructions to non-regulated utility companies:

1. Once a client's account has been credited, enter the date in the "DATE CREDITED" column.
2. After all accounts have been credited, sign and date the form in the space provided below.
3. Return this form to the agency's contact person at the address identified above.

The following utility payments are being made on behalf of these clients:

	Name and Address of Client	Utility Account #	Payment Amount	Date Credited
1.			\$	
2.			\$	
3.			\$	
4.			\$	
5.			\$	
6.			\$	
7.			\$	
8.			\$	

UTILITY COMPANY CERTIFICATION

I hereby certify that the referenced accounts were credited in the amounts shown.

Name/Title	Signature of Approval	Date
------------	-----------------------	------

AGENCY USE ONLY

Total Payments	\$	Check Number	#
----------------	----	--------------	---

ECIP/HEAP PAYMENT REQUEST AND CONFIRMATION
CSD 415 (Rev. 06/01/06)
Instructions

This form will be used by the agency and non-regulated utility company in compliance with Section 2605(b)(7), item (B) of the Low-Income Home Energy Assistance Act of 1981.

1. Agency completes the "To" section of the form entering the non-regulated utility company information.
2. Agency completes the "From" section of the form entering the agency's name, address, and contact person.
3. Agency enters the list of client information, including utility account # and amount of payment.
4. Agency enters "Total Payments" amount and the "Check Number" information which corresponds to data from Step 3.
5. Agency forwards form to identified non-regulated utility company for review and completion.
6. Upon return of form from utility company, Agency reviews and verifies the amount credited for each client.
7. Agency retains this form on file for monitoring purposes.

Contractor's equivalent form is allowed, but must be pre-approved by CSD.

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT

Attachment 6

*Procedures for Unregulated Energy Vendors
CSD - Annual ECIP/HEAP Home Energy Supplier Assurance
(Non-Regulated Utility Companies Only)*

**ANNUAL ECIP/HEAP HOME ENERGY SUPPLIER ASSURANCE
(NON-REGULATED UTILITY COMPANIES ONLY)**

The undersigned home energy supplier hereby agrees and assures to

Agency's Name

that it will comply with the following provisions as federally-mandated under the Low-Income Home Energy Assistance Program in regard to energy fuels and related services provided to eligible households:

1. No household receiving assistance under this program will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements;
2. Not to discriminate, either in the cost of the goods supplied or in the services provided, against the eligible household on whose behalf payments are made; and
3. To allow representatives of the agency referenced above, and/or the State, access to records relating to payments to households for the purpose of verification of compliance with these assurances.

Utility Company

Name and Title (Please Print)

Telephone Number

Authorized Signature

Date

**ANNUAL ECIP/HEAP HOME ENERGY SUPPLIER ASSURANCE
(NON-REGULATED UTILITY COMPANIES ONLY)
CSD 416 (Rev. 6/1/06)
Instructions**

Use this form to comply with Section 2605(b)(7), items (C) and (D) of the Low-Income Home Energy Assistance Act of 1981.

1. Enter the agency name on the line provided.
2. This form must be provided to the non-regulated utility company for signature.
3. Once the form is returned from the non-regulated utility company, ensure that the form is signed and dated.
4. Retain this form for up to one year from the date of signature.
5. This form must be submitted to the non-regulated utility company for signature on an annual basis.
6. Please refer to <http://www.acf.hhs.gov/programs/liheap/guidance/statute/statute.html#Sec2605> for the regulation.

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT

Attachment 7

LIHEAP Verification and Eligibility Guide

STATE OF CALIFORNIA

DEPARTMENT OF COMMUNITY SERVICES AND
DEVELOPMENT (CSD)

Eligibility and Verification Guide

Revision Date 12/2012

Eligibility and Verification Guide

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Overview: Income Eligibility Guideline Changes

Purpose

The Eligibility and Verification Guide is designed to be an easy-to-use reference for determining eligibility, processing intake forms, addressing policies and procedural requirements, and other pertinent program information for all energy programs administered through CSD, such as LIHEAP and DOE.

Reminder: All the policy and procedural changes in the Eligibility and Verification Guide (Revision Date 12/2012) apply exclusively to the 2013 Program Year.

Agency Instructions

Agencies must obtain income documentation fully supporting the total gross monthly income earnings (stated on the Energy Intake Form CSD 43) for qualified households receiving LIHEAP and DOE weatherization/energy assistance. Income documentation must be within 6 weeks of the application intake date, and further must comply with the stated acceptable forms of income documentation referenced within pages 28-41 of the Eligibility and Verification Guide and/or on the Countable and Non-Countable Income Chart.

The Energy Intake Form was modified to oblige applicants to disclose the number of household members providing income support to the household or in clearer terms, individuals with countable income earnings. Agencies must obtain documentation substantiating gross monthly income earnings for all household members stated on the Energy Intake Form.

Agencies should use the new CSD 43B to accompany the Energy Intake Form to further assist applicants with their understanding of the eligibility requirements and provide the necessary information to successfully complete the application for energy assistance.

General Rule

Agencies must make an attempt to obtain income documentation supporting the qualifying household's gross monthly income, such as but not limited to: the collection of all paystubs substantiating the gross earnings for the month; statements from adult members confirming income earnings from non-reportable sources (e.g., odd jobs, collecting and cashing in recyclables, etc.) and benefit letters substantiating benefits from Social Security or public benefit programs (e.g., TANF, General Assistance, etc.). However, in those isolated cases, where it poses a true hardship on the client to provide documentation supporting monthly income earnings, agencies may apply the use of the following income procedures to calculate the monthly income

earnings using partial paystub information:

- Client must submit a signed written statement confirming the inability to provide the required income documentation substantiating gross monthly earnings and the hardship posed with obtaining additional income documentation.
- Client must offer information describing the partial income documentation submission and confirm the gross monthly income for the missing income documentation.
- Using the offered statements from the applicant, agencies can determine the appropriate calculation to be used to compute the gross monthly earnings using the partial wage stub submission.

Note:

The income calculation is to assist applicants experiencing hardships and not be used as a common practice to circumvent the requirements for collecting income documentation substantiating gross monthly income from all sources for qualified households.

Section I: Eligibility Criteria

Subsection 1: Eligibility Summary

Introduction

Eligibility is based on the household's total monthly gross income, which cannot exceed the income guidelines. The federal government requires that states target households with lowest incomes and high energy costs, while taking into consideration households with elderly, disabled persons and children under six.

All clients

A client for all energy and/or weatherization programs must meet the following criteria:

1. Be a resident of California.
 2. Be a permanent and legal United States resident.
 3. Meet the income guidelines and provide proof of income from all sources for all members of the household.
 4. Be responsible for energy costs and provide copies of energy bills.
 5. Prove citizenship status if the client is being served by a public agency.
 6. Meet the definition of a household.
 7. Housing unit must meet the definition of a dwelling.
 8. Meet agency's priority plan.
-

Crisis component

LIHEAP crisis/emergency services have additional eligibility requirements for substantiating the condition of emergency under the various LIHEAP emergency services (ECIP, EHCS, ECIP WPO, and Fast Track).

Documentation

All factors of eligibility must be verified and documented in the client file. Copies of all verifications must also be maintained in the client file.

Section I: Eligibility Criteria

Subsection 2: Collecting Date of Birth

Background CSD collects the full 9 digit Social Security Number (SSN) for identifying and tracking client participation to ensure that duplicate payments are not issued. While the practice of collecting the full SSN assists in tracking client services, and preventing duplicate payments, CSD does not possess the legal authority to collect the SSN, nor can a client be denied services for failure to provide a full SSN.

Requirement Agencies are required to obtain and document the date of birth of the client on the Energy Intake Form CSD 43. This additional data will assist in verifying an applicant's identity, streamlining the prevention of fraud and the duplication of benefits.

No Documentation It will not be necessary for the client to verify their date of birth and no documentation is required in the client file.

Intake Form The date of birth must be written on the intake form in the following format: 2 digit month/2 digit day/2 digit year (mm/dd/yy). It is located in the upper right of the Intake form, near the last name field.

Section I: Eligibility Criteria

Subsection 3: Citizenship and Alien Status for Public Agencies

Background Federal law requires that all public agencies verify that clients are a United States citizen, national, or an alien in a qualified immigration status. A copy of the verification and documentation of their qualified status must be retained in the client file.

Citizen or Naturalized Citizen An individual is a United States (U.S.) citizen if:

- Born in the U.S., regardless of the citizenship of his/her parents
- Born outside of the U.S. of U.S. citizen parents
- Born outside the U. S. of alien parents and has been naturalized as a U.S. citizen. A child born outside of the U.S. of alien parents automatically becomes a citizen after birth if his/her parents are naturalized before he becomes age 16.

Citizenship Documentation Acceptable verification includes but is not limited to:

- U.S. birth certificate
- U.S. passport
- Naturalization certificate, N-550 or N-570. Certificate cannot be copied but agency should review, verify and document in the file that the “naturalized certificate was verified and valid”
- Report of birth abroad of a U.S. Citizen FS-240
- United States Citizen Identification Card, I-197
- Certificate of Citizenship, N-560 or N-561
- Statement provided by the U.S. consular officer certifying the individual is a U.S. citizen
- American Indian card with a classification code KIC

Qualified Alien The following table lists acceptable status and corresponding documentation for qualified aliens:

Status	Documentation
Lawful Permanent Resident	<ul style="list-style-type: none">• INS form I-551 (Alien Registration Receipt Card, also called Resident Alien Card or ‘green card”). This card contains a photo and fingerprint. It does not include the AI-551 form number. Older versions do not include a fingerprint.• An unexpired temporary I-551 stamp in a foreign passport or on a Form I-94

Status	Documentation
Parolee	<ul style="list-style-type: none"> • INS Form I-94 with a stamp showing admission under Section 212(d)(5) of the INA. An expiration date of 1 year or more from the date the status was granted (or indefinite) will be noted on the I-94 and can be used to indicate a qualified alien's status • INS Forms I-688 coded 274a.12(c) (11) • Form I-766 coded C11, indicates parolee status
Conditional Entrant	<ul style="list-style-type: none"> • INS Form I-94 with a stamp showing admission under Section 203(a)(7) of the INA • INS Form I-688 coded 274a.12(a)(3) • Form I-766 coded A3, which indicates status as a condition entrant
Cuban/Haitian Entrant	<ul style="list-style-type: none"> • INS Form I-94 with a stamp showing parole as a Cuban/Haiti Entrant under Section 212(d)(5) of the INA • Form I-94 showing parole into the U.S. on or after October 10, 1980 and reasonable evidence that the parolee had been a national of Cuba or Haiti • Note: This guideline does not apply when the individual was paroled solely to testify as a witness in a judicial administrative, or legislative proceeding or when the parolee is in legal custody pending criminal prosecution
Deportation or Removal Withheld	<ul style="list-style-type: none"> • An immigration judge's order showing that deportation was withheld pursuant to Section 243(h) of the INA removal was withdrawn pursuant to Section 241(b)(3) of the INA and the date of the judge's order • An INS Form I-688 with the code of 274a.12(a)(10) • Form I-766 coded A10, which indicates deportation or removal withheld under Section 241(b)(3) or 243(h)
Battered Spouse	<ul style="list-style-type: none"> • The individual must have filed a petition with INS base on: <ul style="list-style-type: none"> Status as a spouse or child of a United States citizen or classification to immigrant status as a spouse or child of a lawful permanent resident or Suspension of deportation and adjustment to lawful permanent resident status based on battery or extreme cruelty by a spouse or parent who is a United States Citizen or lawful permanent resident • The individual must allege that he or she was subjected to battering or extreme cruelty; and the person responsible for the battery or extreme cruelty must no longer reside with the individual in question.

Asylee-Alien granted asylum	<ul style="list-style-type: none"> • INS Form I-94 (Arrival Departure Record) with a stamp showing grant of asylum under Section 208 of the INA • A grant letter from the INS Asylum Office. • An order of an immigration judge. • INS Form I-688B (Employment Authorization Card) with the code 274a.12(a)(5) • Form I-766 (Employment Authorization Document) coded A5 that indicates status as an Asylee
Refugee	<ul style="list-style-type: none"> • INS Form I-94 with a stamp showing admission under Section 207 of the INA • INS Form I-688B with the code 274a.12(a)(3). • Form I-766 coded A3 that indicates status as a refugee.

Ineligible

Persons ineligible to participate in the energy and/or weatherization programs with public agencies are:

- Individuals who hold an INS I-94 who are admitted as temporary entrants (such as students, visitors, tourists, diplomats, etc.).
- Aliens who have no other INS document.
- Individuals possessing an Individual Taxpayer Identification Number (ITIN). An ITIN does not create an inference regarding the person's immigration status. An ITIN is issued by the U.S. Internal Revenue Service to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain a Social Security Number issued by the Social Security Administration.
- Individuals possessing an ID card issued by a foreign consulate.

Calculating Income

An individual is not counted in the household size, if citizenship or qualified alien criteria is not met. However, his/her income is counted in the household's total income.

Section I: Eligibility Criteria

Subsection 4: Citizenship Status – Private, Non-Profit Agencies

Background Previously, private, non-profit charitable organizations were required to verify client eligibility in accordance with CSD’s client verification of eligibility procedures and regulations, forms, and other written guidance provided by CSD.

However, Section 432(d) of the 42 USC 1305 (Public Law 104-193, 110 Stat. 2168, Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA)), exempts non-profit charitable organizations from any requirement to determine, verify, or otherwise require proof of alien eligibility or status in order to provide a federal, state or local or public benefit.

Program Guidance CSD issued Program Guidance (PG-11-03) Eligibility of Non-Qualified Aliens. Private, non-profit agencies are not required to verify citizenship, but if during the intake process the agency is made aware the client is a non-qualified alien, services must be denied. CSD has issued Program Guidance (PG-11-03) to clarify procedures and requirements for determining the eligibility of clients who are non-qualified aliens.

Ineligible Qualified aliens are those who have both permanent and legal residency. If a client has legal residency but is not here on a permanent basis, they are considered a non-qualified alien. If the agency is made aware of the applicant’s non-qualified status, the client is ineligible for services and must be denied. Some indicators of non-qualified alien status are:

1. The client declares that he/she is not qualified (documented).
 2. The client provides a copy of a foreign consulate ID card.
 3. The client provides a copy of their Individual Taxpayer Identification Number (ITIN) card or number. An ITIN is issued by the U.S. Internal Revenue Service to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain a Social Security Number issued by the Social Security Administration. These are not valid SSNs and will all start with the number nine (9).
 4. The client provides a copy of a passport from a country outside of the U.S.
 5. The client provides a copy of their student visa.
 6. The client provides a copy of their SSN card that says “Valid For Work Only”.
-

Calculating Income An individual is not counted in the household size if citizenship or qualified alien criteria is not met. However, his/her income is counted in the household’s total income.

Section I: Eligibility Criteria

Subsection 5: Household Composition

Definition

A household is defined as an individual or group of individuals related or unrelated, who function as one economic unit, who share residential energy, and who have an energy cost.

Ineligible Households for Cash Assistance

1. Subsidized households that do not pay any out of pocket energy costs.
 2. Persons living in licensed facilities (nursing homes, assisted living, etc.).
 3. Temporary shelters or group homes with residents who have no energy expense or who pay a nominal fee to live there.
 4. Single room dwelling, within a larger dwelling and the single room dwelling is not considered a separate household.
 5. Persons who have no physical address.
 6. Individuals who previously received assistance in another household during the same program year are considered ineligible household members.
-

Ineligible Households for Weatherization

1. Persons living in licensed facilities (nursing homes, assisted living, etc.).
 2. Persons who reside in only one room within a larger dwelling and is not considered a separate household.
 3. Persons who have no physical address.
-

Calculating Income for Ineligible Household Members

The income from ineligible household members should be counted toward the household's total income. However, the ineligible household members should not be counted towards the total household count.

Exceptions

1. Live-in Attendants - Individuals who reside with a household to provide necessary medical services and whose services are paid for in part or in full by a third party.
2. Persons living in multi-unit buildings - If a building contains more than one housing unit but has only one meter or tank that is shared by all the units, each unit may contain a separate household if each one functions as a separate economic unit (also known as submetered).
3. A person out of the home for reasons of employment, education, hospitalization, etc.; who continues to support or be supported by the unit and who intends to return to the unit, will remain a member of the household.

4. A dependent child who is a student living away from his/her primary residence to attend an educational facility is considered to be a member of the primary residence.
-

**Previously
Served**

Individuals who previously received LIHEAP assistance in another LIHEAP household during the same program year are considered ineligible household members to receive services. However, his/her income is counted in the household's total income.

Section I: Eligibility Criteria

Subsection 6: Dwelling Composition

Definition

A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant is intended for occupancy) as separate living quarters.

All dwellings must be a permanent building and located in California. Clients can have a mail address in another state, but the location where they receive utility services must be in California.

Separate Dwelling

Separate dwellings are those in which the occupants live and eat separately from any other persons in the building and have direct access from the outside of the building or through a common hall.

The occupants may be a single family, one person living alone, two or more families living together, or any group of related or unrelated persons who share living arrangements.

Separate living quarters are defined as: “quarters in which the occupants do not live and eat with any other persons in the structure and which have either direct access from the outside of the building or through a common hall or complete kitchen facilities for the exclusive use of the occupants.”

Ineligible Dwellings

The following are considered ineligible dwellings:

- Clients renting a room in someone else’s home.
(Exception: client provides proof that his/her living arrangement adheres to the definition of “separate living quarters”)
 - Clients living in transitory, tent or temporary encampments (such as Slab City in Niland).
 - Clients living in board-and-care facilities, nursing or convalescent homes, or in jail or prison.
 - Clients that are homeless
-

Exception

The following are exceptions for dwelling eligibility:

- Clients living on boats, in a marina with a dock number and utility hook-up, are eligible for HEAP assistance.
 - Clients living in mobile homes or RVs are ineligible for energy and weatherization services unless they meet the following criteria:
 1. The dwelling must not be mobile (i.e.: wheels have been removed, attached porch, etc.).
 2. The dwelling must have resided in the same location for a reasonable length of time.
-

Section I: Eligibility Criteria

Subsection 7: Priority

Background The federal government enacted a law requiring states to target households with low-incomes and high energy costs, while taking into consideration households with elderly, disabled persons, and/or children under six (Public Law 103-252 Section 2603(1)(4)). The results will mean that households that received assistance in the past may no longer receive assistance because they fall into a low priority group and are not considered among the neediest of the needy.

Prioritization is a method to consistently and fairly determine the need of individual clients, and how the agency elects to provide services based on need.

Policy CSD issued a CSD Program Notice regarding prioritizing services (CPN E-12-08). Per the CPN, agencies are required to prioritize the delivery of services for all LIHEAP programs in accordance with approved "Prioritization Plans" (Exhibit H). Also, **all** clients must be screened and evaluated using the agency's approved priority plans.

Priority Plan The following categories comprise the LIHEAP Cash Assistance priority plan. The points received in each category when totaled will determine if an application will be approved for assistance. Reference CPN E-12-08 for additional guidance on the Priority Plan.

Part	Function
Income	By assigning point values to households with the lowest incomes, those households most in need will receive greater weighting (priority consideration) for receiving services and ensure compliance with Federal law requirements for targeting.
Energy Burden	Higher point values are assigned to households paying a higher percentage of their income towards utility cost.
Vulnerable Population	Agencies must assign points if the household contains an elderly or disabled person or a child under the age of 5 years.
Agency-Defined	Agencies may further customize their plans by establishing additional categories and point values unique to the needs of their community. The Agency-Defined must fit within the following set categories: medically needy, frail elderly, severe financial hardship, hard to reach and priority offsets.

Section I: Eligibility Criteria

Subsection 8: Qualifying an Client as Disabled

Policy

CSD does not require agencies to obtain written documentation to verify the disability of an applicant. However, at the agency's discretion, it is reasonable to ask for proof of disability.

Proof of Disability

The following documentation is acceptable proof:

- Participation in a federal disability program (SSI, Veteran's disability, developmental disability programs in education).
- A statement from a doctor is reasonable to ask for if an client falls under the federal definition of disability.
- Self-certification statement.

Under federal law, if a person is "regarded as having impairment," the individual is considered to be disabled, whether or not it has ever been diagnosed or documented. Any self-certification statement should have a place where the client initials or signs the following statement: "I declare that I or one of my household members has a disability within the meaning of the Rehabilitation Act of 1973."

Section I: Eligibility Criteria

Subsection 9: Processing Social Security Numbers for Applications

Policy

CSD does not maintain the legal authority to require the submission of a SSN as part of the eligibility criteria. In such, a client cannot be denied for refusing to submit their SSN. However, CSD strongly encourages agencies to continue to request the SSN, as a unique client identifier, and to streamline the eligibility verification of clients.

Collecting Documentation

If an agency determines that copies of Social Security cards and/or drivers licenses are necessary, they can continue to request the information but cannot deny a client for refusing to submit the documents.

Due care must be taken to secure this sensitive information. It must be stored in a secure and locked location. Access to the location where client file information is maintained must be limited and regulated by internal controls.

Applications Received without a SSN

If after the initial review of the application, it is noted that the application was submitted without an SSN and a verbal confirmation is received from the client that they refuse to provide their SSN, the agency will complete the following step by step procedure for processing an application without an SSN:

Step	Action
1	Agency must confirm identity of client with any picture identification card. A copy of the picture identification used to confirm identity must be retained in the client file. Examples of acceptable forms of picture identification: <ul style="list-style-type: none">• Driver's license• Employee ID card• School, library, bus pass etc.
2	After confirming the applicant's identity, perform a data base search using the following information to assure that the client has not been served in the current program year: <ol style="list-style-type: none">1. Last and first name2. Service address3. Phone number4. Utility Account Number
3	If the applicant's record is located in a prior year with an SSN, agencies can enter the application and use the SSN from the prior year on the current application. The application should be processed in the standard manner and will not need to be submitted to CSD.
4	When the client is determined eligible (meets income guidelines, agency's priority plan and has not been served in the current year) agency will arrange for the handling of the application

	without an SSN, by completing a fax coversheet, and submitting the cover sheet, a copy of the intake form and supporting documents to CSD's Help Desk, via fax. Supporting documents must include: <ol style="list-style-type: none"> 1. Utility bill or a landlord statement for utilities included in rent 2. Copy of picture ID
5	CSD's Help Desk staff will perform a secondary duplicate check to confirm the client has not previously applied with an SSN. If a positive match is found, the Help Desk will provide the agency the previously used SSN for processing of the application.
6	If no match is found a unique filler number will be assigned by the Help Desk in lieu of an SSN.
7	Help Desk will confirm the filler number assigned to the client and provide the agency the temporary SSN via the return of the completed fax cover sheet.
8	Once the agency receives the confirmation with the assigned filler number the agency will process the application in the standard manner. Note: Once a client is assigned a temporary filler number, this number is to be used each and every year the client applies.

The attempt to obtain the SSN and the reason for not providing the SSN by the client must be documented in the client file.

Requesting Additional Information

Agencies that require documentation above the minimum requirements (a copy of Social Security card, copy of a driver's license, or name, ages and Social Security numbers for all household members) cannot deny a client for services for failure to provide this additional information.

Guidelines for Protecting SSNs

The Department of Consumer Affairs offers the following guidelines to protect Social Security numbers and other confidential information:

1. Develop a written security plan for record systems that contain SSNs.
2. Develop written security policies for protecting the confidentiality of SSNs.
3. Provide training and written material for employees on their responsibilities in handling SSNs.
4. Conduct training at least annually and train all new employees, temporary employees and contract employees.
5. Impose discipline on employees for non-compliance with organizational policies and practices for protecting SSNs.

When discarding or destroying records in any medium containing SSNs or other confidential information, do so in a way that protects their confidentiality, such as shredding.

Section II: Eligibility Criteria

Subsection 10: Qualifying for Fast Track Assistance

Crisis Services

Crisis/emergency services have additional eligibility requirements for substantiating the condition of emergency under the various energy/weatherization programs. Emergency services can be provided under the following components: ECIP EHCS, ECIP WPO, SWEATS, and Fast Track.

Additional Requirements for Crisis Payments

There are additional requirements for processing crisis/emergency applications for cash assistance under the Fast Track program:

1. Fast Track payments shall only be made where an emergency energy-related crisis exists.
 2. Clients must receive energy services from one of the following energy providers: utility companies; mobile home parks that own their own power source; or submetering billing services with legal authority to shut-off utility services.
 3. An emergency energy related crisis does not exist if the cost of energy is included in the applicant's rent, in which case Fast Track payments shall not be made.
 4. Documentation of the energy related crisis must be maintained in the client file.
-

Documentation

To qualify for a Fast Track benefit the client must provide proof of one of the following:

- Proof a utility account is past due
 - Proof of utility shutoff notice
 - Proof of energy termination
 - Insufficient funds to establish a new energy account
 - Energy related crisis or life-threatening emergency exists within the applicant's household
 - Declared disaster
-

Pledge Process

Agencies are required by law (if the application is accepted) to resolve an energy crisis situation within 48 hours and a life threatening energy crisis situation within 18 hours.

To comply with this law, once an application has been approved, a pledge (promise to pay) is made to the utility company via phone, fax or e-mail.

**Supplemental
Payment**

Under the Fast Track supplemental benefit provision the total amount of the Fast Track payment cannot exceed the total amount of the entire bill or \$1,000, whichever is less. The client file must contain proof of total bill amount and the current monthly energy cost.

Deposits

Fast Track funds can be used to pay for the deposits if the utility company adds the deposit amount to the service account. If the utility company assigns a separate account for the deposit, Fast Track funds cannot be used to pay on the deposit account.

LIHEAP funds cannot be used to pay on deposits if the deposit ultimately gets refunded to the customer.

Section I: Eligibility Criteria

Subsection 11: Completing the Intake Form CSD 43

Purpose To assess a household's need and to determine eligibility for LIHEAP and DOE services.

The client is the primary source of information in establishing eligibility for LIHEAP and DOE assistance and must furnish the required verification to establish household eligibility. The proceeding sections must be filled out on the intake form.

Agency Information The agency name and initials of the intake worker must be included on the intake form.

Intake Date The intake date can be one of two dates:

1. The date in which the application was received by the agency
2. The date in which the application is considered complete

Eligibility Cert Date The date in which the client is eligible to receive services. The Eligibility Cert Date is to be used for Utility Assistance and Weatherization applications.

Applicant The individual that is the client must be the person that signs the application. The client does not need to be the head of household or the person named on the utility bill, but they must reside in the residence.

Date of Birth The date of birth of the client must be recorded on the intake form.

Mail Address The address where the client receives mail. Mailing address may be a PO Box. It may also be out of state.

Service Address The address where the applicant's household uses energy. May be a descriptive address. Cannot be a PO Box or out of state.

SSN Agencies must continue to request a nine digit Social Security Number (SSN) from the applicant. The last four digits of the SSN are not acceptable.

Phone Number	Residential phone number with area code for the applicant.
Number in Household	Includes the client and all other members of the household. See Household Composition for definition of household members.
Demographics	Every member of the household must be in the demographics section.
Household Members Receiving Income	The number of members in the household receiving income must be recorded. Each person who receives income must also provide proof of their monthly gross income.
Income	Total gross monthly household income from all sources for all members of the household over 18 years of age. Proof of income from all sources for all members must be in the client file.
Utility Company	For Cash Assistance, the name of the utility company the client wants the benefit applied to.
Bill Name	Name of the customer of record on the utility bill. The client does not have to be the customer of record to receive benefits.
Account Number	For Cash Assistance, the account number for the benefits to be applied to. No account number is required if utilities are included in rent or the client is submetered.
Utilities Included in Rent	Check the box when the client pays for utility costs as part of their rent or if the applicant's utilities are submetered. An actual or estimate of the portion of rent that goes toward the utilities is required to calculate energy burden.
Signature	Must be signed by the client or by a witness if the client is unable to sign their name. The spouse of the client cannot sign the application in lieu of the applicant.
Program	The agency is responsible for selecting the appropriate program that the client will be assisted under. If the client is being assisted with Utility Assistance, either the HEAP or Fast

Track box must be checked. If there is to be a supplemental amount with a Fast Track application, the supplement must be written in the appropriate area.

If the client is being referred from Cash Assistance to Weatherization, check the appropriate referral box.

If the client is being assisted with Weatherization, one of the following boxes must be checked: DOE, LIHEAP WX, or ECIP HCS.

Type of Dwelling

Check the appropriate dwelling type of the household applying for services.

Energy Cost

Total of the most current energy costs, including all sources of energy used in the household. A copy of the energy bill for the company selected for benefits must be in the client file.

Energy Burden

Divide the total monthly energy costs (from all energy sources) by the total monthly household income to arrive at a percent of energy burden.

Agency Defined Priorities

In accordance with the agency's LIHEAP Priority Plan, select which agency defined category or categories the client falls under.

Priority Points

For Cash Assistance, the intake worker must include the points the client received based on the agency's priority plan.

Job Control Code

For all Weatherization programs, the agency's internal code for each job.

Picture Identification

When confirming the identity of clients during the above mentioned process, and requesting picture identification, there is a possibility of being informed of an applicant's ineligible status. Certain forms of picture identification can be indicators that a client is a non-qualified alien, and therefore ineligible for services.

It is not required for Private Non-Profit agencies to verify citizenship, but if during the intake process the agency is made aware the client is a non-qualified alien, services must be denied. The following forms of identification are indicators that a client might not be eligible for federal service:

1. Foreign consulate ID cards
2. Foreign passport
3. Student visa

Section I: Eligibility Criteria

Subsection 12: Client File Documentation

Purpose

All factors of eligibility must be verified and documented in the client file. Copies of all verifications must be maintained in the client file.

HEAP Required Documentation

HEAP client files must contain specific documents:

1. Completed and signed intake form CSD 43. The client name and signature must be the same person. The client does not need to be the customer on the utility bill.
 2. Copy of the utility bill from the company that will receive the HEAP payment, current within six weeks of intake. It is important to collect bills from all sources of energy used in the household to determine the actual energy burden. However, copies of all sources are not required.
 3. Copies of the proof of income documentation for all members of the household for a one month period, current within six weeks of intake.
 4. Verification of energy conservation education and budget counseling.
 5. If the agency is required to verify citizenship, the file must contain proof as directed.
-

Fast Track Required Documentation

Fast Track client files must contain one of the following proofs of energy crisis, as well as all of the requirements for HEAP listed in the previous section:

- A shut off notice,
 - Proof that services have been disconnected,
 - Proof that the account is in arrears, or
 - A deposit is needed to establish services (as long as the utility company does not assign a new account to the deposit or credits the customer with the deposit amount).
-

LIHEAP WX Requirements

LIHEAP Weatherization files must contain all of the requirements for HEAP listed above, in addition to the following:

- Verification of year built,
- HPO PDS printout (see 'Historic Preservation Review' below),
- Crew labor, costs documentation,
- Material cost documentation,
- Assessment Form (CSD 540)
- Energy Services Agreement for Rental Units (CSD 515) or Service Agreements for Unoccupied Multi-Unit Dwellings (CSD 515D),
- Post WX Inspection Report (25% of all LIHEAP WX files) (CSD 611),

- Documentation and justification for any appliances being replaced, and
 - Blower Door/Duct Blaster Data Sheet.
-

Historic Preservation Review

Certain dwellings in which Weatherization work is to be done require a Historic Preservation Online (HPO) Review. The following criteria under which a HPO Review is required:

- If the dwelling is 45 years or older
 - If the dwelling is listed on the National Register of Historic Places (NRHP)
 - If the dwelling is eligible for listing on the NRHP
-

Not Required by CSD

CSD does not require a copy of the applicant's :

- Social Security card
- Driver's License
- Name, date of birth and social security number for all members of household

It is at the agency's discretion to include these documents in the client file.

NOTE: Exceptions to this are in instances when a SSN is has not been provided. In such cases, a copy of the driver's license is required.

Confidential

Agency personnel will be exposed to and have access to information which is of a confidential nature. All client records are considered to be confidential and are open only to State and local agency personnel carrying out eligibility and audit functions. Such information should not be shared with unauthorized personnel.

Retention

All client files must be retained for 3 years from the contract close out.

Section II: Income Verification

Subsection 1: Income Calculation

Calculation Criteria

To create consistency in calculating income, agencies must calculate monthly income using the same method. The income calculations is to assist clients experiencing hardships and not be used as a common practice to circumvent the requirements for collecting income documentation substantiating gross monthly income from all sources for qualified households.

The following is the criteria is to be used when assessing documentation utilized for calculating income:

- Proof of income must be current to within 6 weeks from the intake date (unless otherwise specified by the agency).
 - Income must be the total gross income before deductions.
 - Income document(s) should cover a one-month period unless client did not work a full month.
 - Income cannot be annualized.
 - Seasonal worker's income must be based on the actual current income at time of intake.
-

Total Income Submitted

When four weekly, two bi-weekly or two bi-monthly consecutive paystubs are submitted as proof, simply add the gross amount of all stubs to calculate monthly income.

Hardship Documentation

Documentation for accepting partial income must be kept in the client file.

If a client will experience an extreme hardship to provide verification of a full month's income or current income verification, the hardship needs to be documented in the client file. The client must submit a statement explaining their inability to provide the full month's income or current income and the hardship they are experiencing.

Income Formulas

How to calculate incomplete earned income documentation

- A weekly gross income must be multiplied by 4.333 to total one month's income.
 - \$550 weekly X 4.333 = \$2,383.15 monthly income
- Bi-weekly gross income should be multiplied by 2.167 to calculate one month's income.
 - \$1,200 bi-weekly X 2.167 = \$2,600.40 monthly income
- Bi-monthly gross income should be multiplied by 2
 - \$1,200 bi-monthly X 2 = \$2,400.00 monthly income

- Quarterly gross income (including any interest and dividends) should be divided by 3 to arrive at a monthly average.
 - $\$4,000 \text{ quarterly} \div \text{by } 3 = \$1333.33 \text{ monthly income}$

Note: The income calculation is meant to assist clients experiencing hardships and not to be used as a common practice to circumvent the requirements for collecting income documentation or for substantiating gross monthly income from all sources for qualified households.

Exceptions

Example A

Stated Income on Intake Form:	\$800
Weekly Pay Stub:	\$200
Income using formula ($\$200 \times 4.333$)	\$866.60

Example A is an acceptable method for utilizing the income formula for determining monthly income as the monthly calculated income reconciles within reason with the applicant's statement of gross monthly income on intake form. In this example the total household income entered would be \$866.66.

An adjustment to the income statement on the intake form can be made by the intake worker to match the provided proof. The intake worker can line through the statement (in a distinctive color) of \$800 and write in the correct amount of \$866.60 and initial the correction.

Example B

Stated Income on Intake Form:	\$0
Weekly Pay Stub:	\$200

Example B is an unacceptable situation to allow the utilization of the income formula for determining applicant's monthly income. The proof of income provided does not reconcile against the income stated on the intake form. The client must declare their monthly income. Another attempt must be made to contact the client to explain and resolve the discrepancy.

Not Working a Full Month

For clients that have not worked a full month, the formulas are not to be used to calculate a month's worth of income.

The client must provide the paystubs of the weeks they have worked and the intake worker must document the file with the amount of time the client has worked in the last month and the income received during that time.

Annual Statements

For award or annual statements, DO NOT use the date the document was issued. You must use the dates covering benefits within the document to

**and Bank
Deposits**

determine eligibility. These dates must be current.

Automatic Bank Deposit - the date of the deposit or the issue date of the statement can be used to determine if the document is current to within 6 weeks of intake date.

**Unqualified
Alien Income**

An individual that is not a citizen or a qualified alien is not counted in the household. However, his/her income is counted towards the household's total income.

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Public Assistance

Definition

Public assistance or welfare payments include cash public assistance payments low-income people receive, such as Aid to Families with Dependent Children (AFDC, ADC), Temporary Assistance to Needy Families (TANF), and General Assistance (GA, GR).

Acceptable Proof

Proof of income for these items must cover a one month time period and be current to within 6 weeks of the application intake date. The following are considered acceptable proof:

- Copy of current check
 - Current Notice of Action
 - Current verification from worker with amount of payment and date
 - Food Stamp verification with current income amount listed
 - Current aid printout summary
 - Copy of bank statement showing direct deposit (the date of the deposit or the issue date of the statement can be used to determine if the document is current to within 6 weeks of intake date)
 - Passport to Services printout summary
-

Unacceptable Proof

The following are not considered acceptable proof:

- Outdated or altered information
 - Medi-Cal cards
 - Food Stamp verification with no income amount or date
 - CW7 Report
 - Notice of Action stating homeless aid
-

Exceptions

The following are not considered as countable income:

- Overpayment adjustments should not be deducted from the gross aid amount.
 - Food Stamp allotment amounts are not considered income and should not be used when calculating income.
-

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Earned Income

Definition

Earned income is the total income people receive for work performed as an employee during the income year. Earned income includes wages, salary, armed forces pay, commissions, tips, piece-rate payments, and cash bonuses earned, before deductions are made for items such as taxes, bonds, pensions, and union dues.

Acceptable Proof

Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of check(s) or pay stub(s) showing gross amount before deductions (if multiple checks, they must be consecutive).
 - Current copy of pay stub(s) covering 1 month of gross income before deductions (if multiple stubs, they must be consecutive).
 - Letter from employer with company name, address, phone number, the gross amount and current pay period.
 - Notice of Action showing earned income.
-

Unacceptable Proof

The following are not considered proof:

- Outdated information
 - Information without dates
 - Copy of check(s) showing net amount only
 - Federal and State Tax Forms (exception: self-employed)
 - W2 Forms
 - Non-consecutive pay stubs or checks
 - Employers' letter not showing gross income amount
 - Food Stamp verification with no dollar amount listed
 - Renter's Credit Form
 - Copy of bank statement
 - Military pay showing base pay only.
-

Note: Documentation for earned income must may not be annualized and then calculated to a monthly level.

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Social Security

Definition Social Security includes pensions, survivor's benefits and permanent disability insurance payments made by the Social Security Administration (SSA) prior to deductions for medical insurance.

Acceptable Proof Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of check
- Payee's (income recipient) letter of verification showing income amount
- Notice of planned action
- Copy of bank statement showing direct deposit - The date of the deposit or the issue date of the statement can be used to determine whether the document is current to within 6 weeks of intake date.
- HUD statement from Department of Housing with a Social Security amount.
- Form 1099 (only acceptable if intake date is within the 6 week period following January 1st of the current year).

For the following items, DO NOT use the actual date the document was issued. You must use the dates covering benefits within the document to determine eligibility. These dates must be current.

- Annual benefit letter with current dates (Example: date of letter is December 2012, but letter states client will receive \$500 beginning January 2013).
- Computer printout or letter that states the current annual benefit amount.
- Form 2458 completed by Social Security Office.

Unacceptable Proof

The following are not considered proof:

- Outdated information
- Benefit letter with no income amount or date
- Payee's letter of verification not showing income amount
- Medicare cards

Exceptions

The following are exceptions:

- Overpayment adjustments should not be deducted from the gross aid amount.
 - Medicare premiums are not considered income and must be deducted from the total gross amount.
-

**Hardship
Documentation**

Clients should be expected to provide current verification for one month. The only exception would be when the request for additional documentation would cause undue hardship for the client and the income can be substantiated using an outdated form of documentation. The client must submit a statement explaining their inability to provide the documentation and the hardship they are experiencing.

Example: Elderly woman, 90 years old, using public transportation to the agency, submits a copy of a Social Security check that is beyond the 6 week limit. It is reasonable, in this case, to assume that her income, Social Security, has not changed and it is acceptable to process the application with the income verification submitted. It would be an extreme hardship for the client to return with current documentation.

Note: The alternate documentation should be in the same calendar year.

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – SSI/SSP

Definition

Supplemental Security I (SSI) income includes federal and state payments to low-income people who are 65 years of age and older or people of any age who are blind or disabled.

Acceptable Proof

Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of check
- Payee's (income recipient) letter of verification showing income amount
- Notice of Planned Action
- Copy of bank statement showing direct deposit - The date of the deposit or the issue date of the statement can be used to determine whether the document is current to within 6 weeks of intake date.
- HUD statement from Department of Housing with a Social Security amount.

For the following items, DO NOT use the actual date the document was issued. You must use the dates covering benefits within the document to determine eligibility. These dates must be current.

- Annual benefit letter with current dates (Example: date of letter is December 2012, but letter states client will receive \$500 beginning January 2013).
- Computer printout or letter that states the current annual benefit amount.
- Form 2458 completed by Social Security Office.

Unacceptable Proof

The following are not considered proof:

- Outdated information
 - Benefit letter with no income amount or date
 - Payee's letter of verification not showing income amount
 - Medicare cards
-

Countable Income

The following are exceptions:

- Overpayment adjustments should not be deducted from the gross aid amount.
 - Medicare premiums are not considered income and must be deducted from the total gross amount.
-

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Pensions/Retirement

Definition Pensions and retirements include payments received from the following sources: companies or unions; federal government (Civil Service); military; state or local governments; railroad retirement; annuities or paid-up insurance policies; individual retirement accounts (IRAs), Keogh or 401 (k) payments; or other retirement income.

Acceptable Proof Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of check.
- Form 1099 (Only acceptable if intake date is within the 6 week period following January 1st of the current year).
- Bank statement showing direct deposit made from pension or retirement source.

For award or annual statements, DO NOT use the date the document was issued. You must use the dates covering benefits within the document to determine eligibility. These dates must be current to within 6 weeks of the application intake date.

- Pension verification (i.e., letter or printout. Time frame of benefit must be current).
- Annual statement from pension plan.

Unacceptable Proof The following are not considered proof:

- Outdated or altered information
- Benefit letter with no income amount or date

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Unemployment Compensation

Definition Unemployment compensation includes payments received from government unemployment agencies or private companies during periods of unemployment, including any strike benefits from union funds.

Acceptable Proof Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of current checks (must be consecutive)
- Current check stubs (must be consecutive)
- Current printout
- Current award letter
- Current printout of bank statement showing original deposit from awarding entity (Example: Employment Development Department uses an automatic deposit to a Bank of America debit card. Printouts showing the deposit can be obtained directly from any Bank of America.)

Unacceptable Proof The following are not considered proof:

- Outdated information
- Information without a date
- Award letter without income or date
- Non-consecutive checks or stubs
- Less than one month's verification

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Workers’ Compensation

Definition Workers’ Compensation includes payments people receive periodically from public or private insurance companies for injuries received at work.

Acceptable Proof Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of current check(s)
 - Current check stub(s)
 - Current printout
 - Current award letter
-

Unacceptable Proof The following are not considered proof:

- Outdated information
- Information without a date
- Award letter without income or date

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Veterans' Benefits

Definition Includes payments to disabled members of the armed forces or survivors of deceased veterans receiving periodically from the Department of Veterans Affairs for education and on-the-job training, and means-tested assistance to veterans.

Acceptable Proof Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of current check
 - Current check stub
 - Current printout
 - Current award letter
 - Bank statement with direct deposit - The date of the deposit or the issue date of the statement can be used to determine whether the document is current to within 6 weeks of intake date.
-

Unacceptable Proof The following are not considered proof:

- Outdated or altered information
 - Benefit letter with no income amount or date
-

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Self-Employment and Rental Income

Definition

Net earnings from self-employment are the gross income from any trade or operated business minus any allowable deductions for that trade or business. Net earnings also include the applicant's share of profit or loss in any partnership, as reported on Federal income tax returns. Rental Income is the gross income from subleasing, leasing or renting a property.

Operational Expenses for Self-Employed

The following are operational expenses for self-employed and are not considered income:

- Taxes required for operation of the business
 - Licenses and permit fees
 - Rent payments
 - Insurance
 - Labor costs
 - Maintenance
 - Products used to operate the business
 - Interest on debts
 - Actual food costs for self-employed babysitters
-

Not Included in Operational Expenses

Business expenses do not include:

- Payments on the principal of the purchase price of and loans for capital assets such as real property, equipment, machinery and other goods of durable nature.
 - Principal and interest on loans for capital improvement of real property
 - Net losses from previous periods
 - Federal, state, and local taxes
 - Money set aside for retirement purposes
 - Personal expenses, entertainment expenses, and personal transportation
 - Depreciation on equipment, machinery, or other capital investments necessary to the self-employment enterprise
-

Operational Expenses for Rentals

The following are operational expenses for rentals and are not considered income:

- Interest on debts
- Taxes
- Insurance
- Maintenance
- Utilities, if paid by client

- Real estate agent's fees

**Acceptable
Proof**

Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Current copy of ledger or journal (Handwritten information is acceptable)
- Signed self-employment statement showing gross receipts, gross expenses, and net income for a one month time period
- The current year's Tax Form 1040 is acceptable until the following year's filing date of April 15 (ex: 1040 for 2010 is acceptable until April 15, 2013).
 - Current signed and dated 1040 Federal Tax Form.
 - Must show a dollar amount, either on line 12 or 17, to be valid income verification for self-employed. When using a 1040 Tax Form, calculate monthly gross income for self-employed by dividing the amount on line 22 by 12 months. If line 22 is zero or a negative amount, set the income amount on the application to zero (0).
 - **Schedule C (for self-employment) or Schedule E (for rental income) must be submitted with the current 1040.**

**Unacceptable
Proof**

- Outdated or altered information
 - Unsigned 1040 Federal Income Tax Form
 - 1040 Tax Form showing no dollar amount on self-employment or rental income (line 12 or 17)
 - Profit or Loss Tax Form (Schedule C) without 1040
 - Supplemental Income and Loss Tax Form (Schedule E) without 1040
 - Any other tax form (i.e.: 540 State Tax Form, 1040EZ Tax Form, 1040A Tax Form)
-

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Survivors’ Benefits

Definition Survivors benefits include payments received from survivors' or widows' pensions, estates, trusts, annuities, or any other types of survivor benefits, from private companies or unions; federal government (Civil Service); military; state or local governments; rail road retirement; worker's compensation; black lung payments; estates and trusts; annuities or paid-up insurance policies; and other survivors benefits.

Acceptable Proof Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Copy of current check
- Current check stub
- Current printout
- Current award letter
- Bank statement with direct deposit - The date of the deposit or the issue date of the statement can be used to determine whether the document is current to within 6 weeks of intake date.

Unacceptable Proof The following are not considered proof:

- Outdated information
- Information without a date
- Award letter without income or date

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Interest

Definition

Interest includes payments received or have credited to accounts from bonds, treasury notes, IRAs, certificates of deposit, interest-bearing savings and checking accounts, and all other investments that pay interest.

Note: Only the interest used for household support is considered income, not the original deposit.

Acceptable Proof

Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Current copy of check(s)
 - Current statement(s) from financial institution(s)
 - Current copy of financial statement(s) showing direct deposit - The date of the deposit or the issue date of the statement can be used to determine whether the document is current to within 6 weeks of intake date
 - Form 1099 (Only acceptable if intake date is within the 6 week period following January 1st of the current year).
-

Unacceptable Proof

The following are not considered proof:

- Outdated information
 - Information without a date
 - Financial statement(s) without a dollar amount listed
 - Federal and State Tax Forms
-

Section II: Income Verification

Subsection 2: Acceptable Income Documentation – Dividends/Royalties

Definition Dividends are returns on capital investments, such as stocks, bonds, or savings accounts. Royalties are compensation paid to the owner for the use of property, usually copyrighted material or natural resources such as mines, oil wells, or timber tracts. Royalty compensation maybe expressed as a percentage of receipts from using the property or as an amount per unit produced.

Acceptable Proof Proof of income for these items **must cover a one month time period and be current to within 6 weeks** of the application intake date. The following are considered proof:

- Current copy of check(s)
- Current statement(s) from financial institution(s)
- Current copy of financial statement(s) showing direct deposit - The date of the deposit or the issue date of the statement can be used to determine whether the document is current to within 6 weeks of intake date.
- Form 1099 (Only acceptable if intake date is within the 6 week period following January 1st of the current year)

Unacceptable Proof The following are not considered proof:

- Outdated information
- Information without a date
- Financial statement(s) without a dollar amount listed
- Federal and State Tax Forms

Section II: Income Verification

Subsection 3: Excluded Income Sources

Policy

Certain types of income are to be excluded from the total household income, for the purposes of the LIHEAP and DOE programs. Verification of the non-countable income or excluded income being received must be retained in the client file.

Authority

Federal Law Title 42 Chapter 94

In verifying income eligibility for purposes of subsection (b) (2) (B) of this section, the State may apply procedures and policies consistent with procedures and policies used by the State agency administering programs under part A of title IV of the Social Security Act [42 U.S.C. 601 et seq.], under title XX of the Social Security Act [42 U.S.C. 1397 et seq.], under subtitle B of title VI of this Act (relating to community services block grant program) [42 U.S.C. 9901 et seq.], under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 [42 U.S.C. 2701 et seq.] before August 13, 1981, or under other income assistance or service programs (as determined by the State).

Subsection (b) (2) (B) - households with incomes which do not exceed the greater of- (i) an amount equal to 150 percent of poverty level for such state; or (ii) an amount equal to 60 percent of the State median income;

Student Assistance

All student assistance is excluded. This includes Grants, Scholarships, Fellowships and Gifts/Pell Grants/Federal Perkins Loans, Federal Supplemental Education Opportunity Grants, Leveraging Educational Assistance Program (LEAP), Department of Education and Bureau of Indian Affairs (BIA), University Year for Action and work study.

Foster Care Payments

Payments received for the care of foster children or foster adults, who are unable to live alone, are not counted income.

Child Support Payments

The amount paid as a result of a Court ordered or mandated child support agreement, should be deducted from the total household income. Proof of the mandated child support payments is to be kept in the client file.

Parental entities receiving child support payments should include the amount

paid for the child(ren) in the total household income.

In Home Care Provider

The income of a live-in aid* or amounts paid by a State agency (In Home Supportive Services) to a family or non-family member to offset the cost of services and equipment needed to keep the family member at home will not be included in total household income.

*Live-in aid is defined a person who resides with one or more elderly persons (at least 62 years old), or near elderly persons (at least 50 years old), or persons with disabilities, and who:

1. Is determined to be essential to the care and well-being of the person(s);
 2. Is not obligated for the support of the person(s); and
 3. Would not be living in the unit except to provide the necessary supportive services.
-

Income from a Minor

Income from employment of children (including foster children) under the age of 18 years will be excluded from countable household income.

Food Stamps

The value of the coupon allotment provided to any eligible household.

Medicare and Medical

The value of medical expenses paid directly to a health care provider on behalf of the household.

Medicare Deductions

The deduction for Medicare from Social Security benefits.

Gifts and Inheritances

One time lump sum inheritances or gifts. Such as gifts occasioned by a death or gifts of domestic travel tickets.

Disaster Assistance

Payments made by federal service providers under a presidential declaration of disaster including, but not limited to, individual family grants from the Federal Emergency Management Agency (FEMA).

Victims of Crime Payments

All reparation payments to victims of a crime (Victim's Compensation).

Reparation Payments

Payments to Aleut people and people of Japanese ancestry under Public Law 100-383.

**Victims of
Nazi
Persecution**

Payments made to individuals because of their status as victims of Nazi persecution shall be disregarded in determining eligibility.

**Older
Volunteers**

Older Americans Volunteers Act of 1965 – Income paid to participants in programs carried out under the Community Service Employment Program (Title V of the Older Americans Act), including Green Thumb, Senior Health Aides, Senior Companions.

**Domestic
Volunteers**

Domestic Volunteer Service Act of 1973(P.L.93113) - Income paid to participants - Title I: Volunteers in Service to America (VISTA), AmeriCorps, University Year for Action (UYA), Urban Crime Prevention Program. Title II: Retired Senior Volunteer Program (RSVP), Foster Grandparent Program, Older American Community Service Program (Senior Health Aides, Senior Companions). Title III: Service Corps of Retired Executives (ACE)

**Vietnam
Veterans**

Vietnam Agent Orange Benefits. Benefits **given** for the children of woman-Vietnam veterans who suffer from certain birth defects must not be considered as income in determining eligibility or benefits.

**Native
American
Land**

The value of land taken from and later added back to Indian reservations must not be considered income.

**Native
American
Judgments**

Indian per capita judgment payments made to any tribe or group whose trust relationship with the federal government has been terminated and for which legislation was in effect before October 12, 1973 authorized the disposition of its judgment funds.

Non-cash

Any non-cash Federal or State Benefits.

WIA

Title I of the Workforce Investment Act of 1998: Supportive services to participants including assistance that enables people to participate in the program, such as transportation, health care, child care, handicapped assistance, meals, temporary shelter, counseling, and other reasonable expenses or participation in the program.

**Nutrition
Programs**

Benefits from Women, Infant, and Children (WIC) program, Agriculture Nutrition Act of 1949 Section 416: value of federally donated food acquired through price support operations for school lunch or other distribution to needy people. Child Nutrition Act: the value of assistance to children under

this Act. National School lunch Act: the value of assistance to children under this Act. Meals for Older Americans, School breakfasts and lunches and milk programs.

Job related Expenses

For non, self-employed clients that do not file income tax as self-employed (a sales person or a truck driver/taxicab driver) and who pay business expenses and also receive a paycheck, deduct the business expenses from the household's total gross income.

Employer Paid Benefits

Most employers providing benefits make a contribution to the cost of the benefit, with any remaining cost to be paid by the employee through payroll deduction. The employer contribution is not income. The payroll deduction is income.

Prizes and Awards

A prize is generally something received in a contest, lottery or game of chance. An award is usually received as the result of a decision by a court, board of arbitration, or the like.

Sale or Exchange of Property

Capital gains people received (or losses they incur) from the sale of property, including stocks, bonds, a house, or a car (unless the person was engaged in the business of selling such property, in which case count the net proceeds as income from self-employment).

Other Exclusions

- Military combat pay
 - Draw down from Reverse Mortgage
 - Tax Refunds
 - Loans
 - Withdrawal from Savings
 - Food or housing received in lieu of wages.
 - The value of food and fuel produced and consumed on farms
 - One-time Insurance Payments
 - Compensation for Injury
 - Federal or State Mortgage Assistance Programs (i.e., Keep Your Home California)
-

Section II: Income Verification

Subsection 4: Undocumented Sources of Income

Definition Cash income from irregular sources including but not limited to, babysitting, mowing lawns, redeeming cans/bottles, paid in cash or selling personal property.

Self-Certification Self-declaration is only acceptable when all reasonable steps to obtain hardcopy or supporting verification have been exhausted and it would create an undue hardship for the client if they are required to pursue other verifications. Undue hardship is defined as special or specified circumstances that can partially or fully exempt a person from performance of a legal obligation so as to avoid an unreasonable or disproportionate burden or obstacle.

Acceptance of this type of verification must be fully justified and documented in the client file. A client self-certification statement CSD 43B, may be used for proof of income when the client does odd jobs from various sources and cannot obtain verification or if the third party who is asked to complete a form or statement on behalf of the client refuses to provide a signed document. If the self-certification statement is used, it must provide enough information to accurately determine the applicant's countable income.

NOTE: Third party non-cooperation cannot cause the client to be denied services.

Section II: Income Verification

Subsection 14: Zero Income

Introduction

Clients claiming no income must reveal their source(s) of support. Client households with zero income or expenses that exceed the income, requires the intake worker to determine how the household is meeting its current living expenses. Current living expenses include but are not limited to: rent/mortgage, utilities (gas, power, trash, and phone), food, insurance and car payments.

This procedure does not apply to households that submit proof of non-countable income and/or excluded income, even though their income is set to zero. The verification of non-countable income or excluded income must be included in the client file.

LIHEAP Policy – No Income Certification

For LIHEAP applicants, after all attempts to collect documentation have failed, a self-certification statement, CSD 43B, completed and signed by the client claiming no income, is acceptable. A LIHEAP self-certification statement **does not require notarization**. All attempts to obtain documentation and the reason for accepting the self-certification must be documented in the client file.

First Year - The first year a client claims no income, the household may declare their sources of support on the Survey of Income and Expenses CSD 43B, without documentation.

If every adult in the household reports no income for the eligibility period, the client must complete the CSD 43B. Eligibility should be based on the reported information.

Succeeding Years - When a client reports no income for two or more years, the client must complete the CSD 43B, and provide documentation where requested. Support claims must include documentation or sources for verification.

Agencies must obtain written or verbal verification of regular support from others reported on the form. Eligibility will be based on documentation submitted with the form or verified during the follow-up.

**DOE Policy –
No Income
Certification**

In accordance with The Department of Energy, Weatherization Program Notice 10-18, effective December 2011, all applicants applying for DOE services with undocumented income or zero income, only after all other avenues of documenting income eligibility are exhausted, self-certification is allowable. Evidence of the various attempts at proving eligibility must be contained in the client file, including a **notarized statement** signed by the client that he has no other proof of income.

If the applicant qualifies for either LIHEAP program (Cash Assistance or Weatherization), then is moved to the DOE program for weatherization, their CSD 43B will travel with them and qualify them for DOE, it does not need to be notarized.

Note: If 120 days passes and their income eligibility for DOE needs to be re-established, they will follow the same “Zero Income Notarization” rules that apply to an applicant entering through the DOE program.

On an exceptional basis, if an agency absolutely cannot obtain a notarized self-certification statement, the Executive Director of the agency may sign the form and take responsibility for the self-certification statement.

Denial

Inadequate information on the form is cause for denial of benefits.

Section III: Energy Cost Verification

Subsection 1: Energy Cost Criteria

Introduction The utility bill provides verification of the physical address, energy costs and other valuable utility account information to ensure the delivery of cash assistance benefits by means of direct payment to utility service providers.

Bills must include Energy bill(s) must contain a billing period of at least 22 days and be **current to within 6 weeks** of the application intake date. The energy bill also must provide the amount of the household's current energy costs and the following:

1. Service address - In rural areas, the service address can be descriptive (Example: 3rd house on the left, past the gas station, etc.)
 2. Account number
 3. Name of the utility company
 4. Customer's name
 5. The dollar amount of a full month's energy costs (at least 22 days), some exceptions may apply. Please contact the Help Desk for assistance.
 6. Fast Track applications: the documentation must include the total amount due on the bill (current and past due and all other changes).
-

Acceptable Acceptable energy bills include current, delinquent, shut-off notices, or energy statement/print-outs that indicate usage without added fees and provide the required information referenced above.

All utility bills must be current to within six weeks of the intake date using the service dates, not the issue date of the bill.

Exception: When clients are trying to re-establish services on a closed account (closed due to non-payment) that has no current charges, the issue date of the bill is to be used to determine if it is current. Since the service period will not be current, the current energy charges for that utility will be set to zero on the application.

Unacceptable Verification The following are considered unacceptable energy cost verification:

1. Closing bills
2. Altered bills
3. Service address on the utility bill does not match the client's

- service address
 - 4. Outdated utility bill
 - 5. Deposit accounts or accounts in collections
-

Section III: Energy Cost Verification

Subsection 2: Interpreting Energy Cost

Introduction The total monthly energy cost consists of the entire amount of energy costs incurred for the most current month. Allowable energy costs include usage and all monthly charges.

Example Energy Bill Below is an example of the charges to be included in calculating energy cost:

Summary of Charges	CARE Discount Applied	Amount
Customer Charge	29 Days x 0.13151=	\$3.81
CARE Baseline	14 Therms x 0.61643=	\$8.63
CARE Over Baseline	15 Therms x 0.76267=	\$11.44
Gas Charges		\$23.88
State Regulatory Fee	29 Therms x 0.00076=	\$0.02
CARE Public Purpose Surcharge	29 Therms x 0.01881=	\$0.55
Taxes & Fees on Gas Charges		\$0.57
Total Gas Charges Including Taxes and Fees		\$24.45
Current Level Pay Amount		\$34.00
Total Amount Due		34.00

The total amount of monthly energy cost is **\$24.45**.

$$(23.88 + 0.57 = \$24.45)$$

Note: The balance pay amount is not used to calculate energy cost.

Section III: Energy Cost Verification

Subsection 3: Utilities Included In Rent

Introduction Clients that pay their utility costs as a portion of their rent are eligible to receive LIHEAP assistance. Public Law 97-35, Title XXVI, Section 2602 (8)(B) “the State will treat owners and renters equitably under the program assisted under this title”.

Documentation To qualify to receive services clients must provide the following documentation:

1. Date
 2. Tenant/Customer’s Name
 3. Service Address
 4. The amount of rental charges covering energy expenses
 5. Landlord’s signature
 6. Photocopied and faxed letters of utility cost verification
 - Agency must keep a dated copy with a wet signature on file for each multi-family dwelling. Letter must contain service address, date, and the location of the original signature.
 - This document maybe photocopied for insertion into the client file of other tenants in that building.
 - A newly signed landlord letter must be obtained each program year.
-

Acceptable Documentation Documentation must include a time frame current to six weeks from intake date

- Must indicate the dollar amount of the applicant’s monthly rent that is applied towards energy costs.
- Rental agreement that indicates utilities included in rent
- Rental receipt that indicates utilities included in rent
- Original or faxed letter signed by landlord/manager
- HUD statement showing zero utility allowance
- Billing services statement that indicates submetered

Unacceptable

- Documents that do not show energy charges
- Documents that have been altered
- Outdated information
- Landlord statements that are unsigned
- Letter that does not indicate customer name and apartment number if applicable.

Section III: Energy Cost Verification

Subsection 4: Energy Burden

Definition The percentage of household income used to pay household energy expenses. This is determined by dividing the household's monthly energy cost by the household's total gross monthly income.

Utility Bills Clients are requested to submit all of their energy utility bills for a one-month period (gas and electric, wood and propane, or any combination thereof).

In instances where a household is unable to obtain a copy of a secondary energy bill, it is acceptable to have the client estimate the cost of their absent energy bill(s). This estimation should be documented and maintained in the applicant's file. HEAP assistance can only be made to a utility company where a bill is present; therefore, the client must provide the bill from the utility service provider to which the HEAP/Fast Track assistance will be issued.

Utility Provider Eligible households may only select one utility company to receive assistance.

Calculating Energy Burden The following is the methodology for calculating energy burden:

1. Use all energy utility costs to calculate the total energy costs for a one-month period (gas and electric, wood and propane) when calculating energy burden. Use the entire amount owed for the current one-month period. This can include the usage amount, surcharges and/or taxes. Do not include in the total arrearages from a previous month(s).
2. Total all household income for one month.
3. Divide the household's total gross monthly income by the household's total monthly energy cost. The resulting percentage is the household energy burden.

Utility Allowance Households receiving a utility allowance (i.e., Department of Housing and Urban Development's Allowances from Tenant-Furnished Utilities) shall have their energy burden calculated only by using the out of pocket expense for their utility payment and not the subsidy. The client must substantiate out of pocket expense by showing proof of utility payment outside of the utility allowance paid against the energy cost.

**Sample
Calculation**

Calculating energy costs:

Step	Action								
1	Calculate total energy costs								
	<table border="1"><thead><tr><th>Commodity</th><th>Charges</th></tr></thead><tbody><tr><td>Monthly electricity</td><td>\$45.15</td></tr><tr><td>Monthly gas</td><td>\$56.36</td></tr><tr><td>Total energy costs</td><td>\$101.51</td></tr></tbody></table>	Commodity	Charges	Monthly electricity	\$45.15	Monthly gas	\$56.36	Total energy costs	\$101.51
	Commodity	Charges							
	Monthly electricity	\$45.15							
Monthly gas	\$56.36								
Total energy costs	\$101.51								
2	Calculate total monthly income								
	<table border="1"><thead><tr><th>Source</th><th>Amount</th></tr></thead><tbody><tr><td>Social Security</td><td>\$1,100.00</td></tr><tr><td>Pension</td><td>\$250.00</td></tr><tr><td>Total income</td><td>\$1,350.00</td></tr></tbody></table>	Source	Amount	Social Security	\$1,100.00	Pension	\$250.00	Total income	\$1,350.00
	Source	Amount							
	Social Security	\$1,100.00							
Pension	\$250.00								
Total income	\$1,350.00								
3	Divide total monthly energy costs by total gross monthly household income. \$101.51 divided by \$1,350 = .075								
4	The calculated energy burden is 7.5%								

Section IV: Appeals

Subsection 1: Appeals Process

Introduction

In accordance with State Regulations any person who has applied for benefits and/or services under a grant award from a contractor or a subcontractor whose application has been denied or not acted upon within fifteen working days has the right to first appeal to the local service provider and if not satisfied, subsequently appeal to CSD.

When service to a client is refused it is essential to establish if the application is ineligible or denied. Applications that are ineligible are not considered appealable and therefore, do not have to be advised of their appeal rights (22 CCR § 100805). However, applications that are considered “denied” are appealable and the client must be informed of their appeal rights.

Definition of a Denial

A denial means that all of the following criteria have been met:

- Services and funds are available.
 - The contractor has authority to disburse services or funds.
 - The client meets or believes he/she meets eligibility criteria and
 - The client meets the conditions of the priority plan
-

State Regulations

22 CCR § 100805 define the following situations as appealable:

- The application was not acted upon within 15 working days
 - Unsatisfactory performance
 - Application was denied.
-

Appealable Applications

Other appealable situations include but are not limited to:

- Over the income guidelines
 - Missing or insufficient information
 - Household already serviced
-

Notification Requirements

If an application has been denied, the client must be advised in writing of the reason for denial and their appeal rights and procedures.

The agency also must:

- Give the client a reasonable time frame to respond
 - Require the client to submit any additional information that will prove their eligibility
-

**Suggested
Letter**

Dear Applicant:

Your HEAP application requesting assistance with your energy costs has been received. We regret to inform you that your application is being denied for the following reason (s):

- Over income guidelines
- Incomplete/missing information
- Credit on bill
- Duplicate application
- Other _____

If you disagree with this decision and/or you have additional proof that may establish your eligibility, you have the right to appeal. To initiate the appeal process please send a written request explaining why you feel this decision was in error and any additional proof of eligibility within () days* of this letter.

*** The amount of days is at the agency's discretion, but at a minimum, it must provide a reasonable time frame to allow the client to respond.**

Section IV: Appeals

Subsection 2: Ineligible Applications

Definition

An application that is rejected for the following reasons is considered ineligible not denied and therefore, not appealable:

- Agency is out of funds
 - Household does not meet the agency priority plan
-

Notification

The client must still be notified in writing of the reason for the refusal of service, but it is not necessary to advise them of their appeal rights.

Suggested Letter

Dear Applicant:

Your HEAP application requesting assistance with your energy costs has been received. While your household meets the income eligibility requirements, your household did not meet our agency's priority plan and is not qualified to receive assistance at this time.

The State of California requires Local Service Providers (agencies) to establish a priority plan due to the overwhelming demand and the limited funding resources for assistance. The priority plan provides a method for serving those with the greatest need. However, if your circumstances change, please feel free to reapply.

Section IV: Appeals

Subsection 3: Fraud

Definition

Fraud is a material representation relating to a past or an existing fact which is: false; made with knowledge of its falsity; or in reckless disregard of the truth.

Factors

- Fraud may consist of withholding information which would affect eligibility for assistance or the amount thereof.
 - Fraud may also include giving false information in order to obtain or use benefits from the energy assistance program.
-

Determining Fraud

To determine that fraud exists, it must be established that the giving of false information was done with knowledge of its falsity or that the withholding of information which would affect eligibility for assistance or the amount thereof was deliberate, with knowledge of its implications.

Factors to Consider

1. The incorrect or unreported information affected eligibility
 2. The correct information was, in fact, known to the client and
 3. The client fully understood the eligibility requirements and their responsibility for reporting information, or
 4. The failure to report facts was done intentionally or not.
-