

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

**ABSTRACT:**

HHS is requiring further detail from Grantees on their FY2014 plans for preventing and detecting fraud, abuse, and improper payments. HHS is also requiring that Grantees highlight and describe all elements of this FY2014 plan which represent improvements or changes to the Grantees' FY2014 plan for preventing and detecting fraud, abuse and improper payment prevention.

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

<b>State, Tribe or Territory (and grant official):</b>		<b>Date/Fiscal Year:</b>	
<b>RECENT AUDIT FINDINGS</b>			
<b>Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2013 or the prior three years, in annual audits, Grantee monitoring assessments, Inspector General reviews, or other Government Agency reviews of LIHEAP agency finances.</b>	<b>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.</b>	<b>If there is no plan in place, please explain why not.</b>	<b>Necessary outcomes from these systems and strategies</b>
<i>An independent audit as required by government auditing standards and OMB Circular A-133 was conducted in fiscal year 2011 ending May 25. Findings related to LIHEAP CFDA 93.568 are attached, see attachment A.</i>	All corrective actions as described in the Grantee's Responsible Official's response have been implemented, specifically 1) the purchase of portable handheld scanners for homebound representatives to scan required documents for placement in the applicant's file, and weekly reviews of files for completeness, orderliness and accuracy.	N/A	<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.

<b>COMPLIANCE MONITORING</b>			
<b>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.</b>	<b>Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2014.</b>	<b>If you don't have a firm compliance monitoring system in place for FY 2014, please describe how the State is verifying that LIHEAP policy and procedures are being followed.</b>	<b>Necessary outcomes from these systems and strategies</b>
N/A	N/A	<p>Grant policies are reviewed annually and budget plans are developed utilizing guidance as provided by HHS.</p> <p>Payments for energy assistance are made directly to approved, regulated energy vendors in the District of Columbia; exceptions are for Heating Oil and residents who do not receive a utility bill directly (Heat included in Rent).</p> <p>The District utilizes 60% of the State Median Income to determine eligibility and requires sworn declaration of income, paycheck stubs, Social Security award letter, W-2s or other income verification such as a letter from the employer.</p>	<i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i>

<b>FRAUD REPORTING MECHANISMS</b>			
<b>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.</b>	<b>Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2014, and the timeline for that implementation.</b>	<b>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.</b>	<b>Necessary outcomes of these strategies and systems</b>

<p><i>The District provides information about how to report waste, fraud and abuse through the Office of the Inspector General website: <a href="http://Oig.dc.gov">Oig.dc.gov</a>.</i></p> <p><i>When reporting waste, fraud, abuse, or mismanagement to the OIG, callers may remain anonymous if they wish. However, they are encouraged to identify themselves so that we may follow up on their call, if necessary, and obtain additional information that will aid us in our investigation. If callers give their names, their identities will be protected to the maximum extent allowed by law. It is impermissible for a government employer to retaliate against an employee for reporting information to the OIG. If callers believe that by making a report to the OIG they may be at risk of reprisal, callers are advised to inform the OIG of this fact. When reporting information to the OIG, callers are encouraged to be specific and provide as much detail as possible-the who, what where, when and why of the matter. The more information callers provide, the more thorough any OIG investigation can be. If possible, indicate:</i></p> <ul style="list-style-type: none"> <li><i>• The specific nature of the wrongful or inappropriate act (give as many details as possible);</i></li> <li><i>• The name of person(s) who committed the act;</i></li> <li><i>• The place where the person works;</i></li> <li><i>• The date and time the act occurred;</i></li> <li><i>• The place where the act occurred;</i></li> <li><i>• The reason you believe the act is wrongful or inappropriate; and</i></li> <li><i>• The name, telephone number, and address of</i></li> </ul>	<p>N/A</p>	<p>N/A</p>	<p><i>Clear lines of communication for citizens, grantees, clients, and employees to use in pointing out potential cases of fraud or improper payments to State administrators.</i></p>
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*any person who can corroborate or supplement your information.*

*Any relevant information or knowledge acquired after making a report to the OIG should also be reported in follow-up calls. To ensure the privacy and confidentiality of all those involved, callers may not be notified about how their information is used.*

*However, all information will be reviewed and fully investigated to detect waste, fraud, and abuse.*

*The OFFICE OF THE Inspector General*

*Email; [hotline.oig@dc.gov](mailto:hotline.oig@dc.gov)*

*Hotline: (202) 724-TIPS (202)v724-8477 and (800) 521-1639*

<b>VERIFYING APPLICANT IDENTITIES</b>			
<b>Describe all FY 2013 Grantee policies continuing in FY2014 for how identities of applicants and household members are verified.</b>	<b>Please highlight any policy or strategy from your plan which will be newly implemented in FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p><i>During the intake process, the applicant's social security number is required as a unique identifier. This unique identifier is used in DDOE's LIHEAP database. Also, the applicant's photo identification, and household utility bills. DDOE accepts not only face-to-face interviews but processes mailed applications from District residents. In the event the social security number or additional information have not been provided, the application is returned with a self-addressed stamped envelope to return the missing information.</i></p> <p><i>Government issued ID must be presented during application. If someone is applying on behalf of or in the absence of an applicant, a signed letter must be submitted from proxy along with an ID from applicant. This can happen in the event of an applicant's illness, disability or age.</i></p> <p><i>In addition, DDOE verifies household members of all applicants through the District's Department of Human Services Automated client Eligibility Determination System (ACEDS). ACEDS provides household members for District residents and household members receiving TANF, Food Stamps, Social Security Income, etc.</i></p>	N/A	N/A	<p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p>

<b>SOCIAL SECURITY NUMBER REQUESTS</b>			
<b>Describe the Grantee's FY 2014 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.</b>	<b>Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, or remaining the same.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p><i>During FY2014 DDOE intends to implement a social security verification process to reduce the payment of potential fraudulent LIHEAP claims. This process will be through the use of the Social Security Administration Enumeration Verification System.</i></p>	<p>Requiring social security numbers is not a new process for FY2014. During the intake process, the applicant's social security number is required as a unique identifier. This unique identifier is used in the DDOE LIHEAP database. If the applicant is unable to provide a valid social security number he/she is unable to receive the LIHEAP benefit.</p> <p>The applicant's social security number is a unique identifier and will remain a requirement and will continue to be enforced in FY2014.</p>	<p>N/A</p>	<p><i>All valid household members are reported for correct benefit determination.</i></p>

<b>CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES</b>			
<p><b>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.)</b></p>	<p><b>Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY 2014.</b></p>	<p><b>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.</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p><i>During FY2014 DDOE intends to implement a social security verification process to reduce the payment of potential fraudulent LIHEAP claims. This process will be through the use of the Social Security Administration Enumeration Verification System.</i></p> <p><i>The District of Columbia Department of Human Services (DHS) Automated Client Eligibility Determination System (ACEDS) is utilized to verify applicant identity and income when available. ACEDS does not provide data for applicants who have not applied for other assistance from DHS.</i></p> <p><i>The social security number is a requirement and place holder in DDOE's LIHEAP database. If a number is duplicated, the system will generate an error and the processor will be unable to continue. DDOE will begin an internal investigation to determine the validity of the applicant's social security number. The applicant must verify proof of social security number (social security card, government issued ID, military ID, social security administration or any government issued document reflecting the applicant's name and social security number).</i></p> <p><i>If the applicant is unable to</i></p>	<p>During FY 2014 DDOE intends to implement a social security verification process to reduce the payment of potential fraudulent LIHEAP claims. This process will be through the use of the Social Security Administration Enumeration Verification System.</p>	<p>N/A</p>	<p><i>Use of all available database systems to make sound eligibility determination.</i></p>

<p><i>provide supporting documentation he/she is unable to receive the LIHEAP benefit.</i></p>			
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**VERIFYING APPLICANT INCOME**

<p><b>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.</b></p>	<p><b>Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2014.</b></p>	<p><b>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?</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p>N/A</p>	<p>During FY2014 DDOE intends to implement a social security verification process to reduce the payment of potential fraudulent LIHEAP claims. This process will be through the use of the Social Security Administration Enumeration Verification System.</p>	<p>Applicants are required to provide a sworn declaration of income, paycheck stubs, Social Security award letter, W-2s or other income verification such as a letter from the employer.</p> <p>Also, ACEDS is consulted whenever possible to verify income as reported to DHS.</p>	<p><i>Effective income determination achieved through coordination across program lines.</i></p>

<b>PRIVACY-PROTECTION AND CONFIDENTIALITY</b>			
<b>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.</b>	<b>Please highlight any controls or strategies from your plan which will be newly implemented as of FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p><i>The applicant's signature on the application grants DDOE permission to share applicant's file to utility companies for rate classification purposes and to other agencies and organizations from who they seek financial assistance and for purposes of research, evaluation and analysis.</i></p> <p><i>Shared data that contains social security numbers are only shared with utility companies that enter into confidentiality agreements.</i></p> <p><i>Applicant information is kept in a secure file room when not in use, to prevent unauthorized use of private and personally identifiable information.</i></p>	N/A	N/A	<p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p>

<b>LIHEAP BENEFITS POLICY</b>			
<b>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.</b>	<b>Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p><i>All completed applications are reviewed and monitored daily by LIHEAP staff. In addition, a payment report verification process ensures benefit payments to vendors on behalf of customers are accurate to protect against fraud when payments are submitted to our finance department.</i></p> <p><i>Through oversight and in</i></p>	<p>During FY2014 DDOE intends to implement a social security verification process to reduce the payment of potential fraudulent LIHEAP claims. This process will be through the use of the Social Security Administration Enumeration Verification System.</p>	N/A	<p><i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p>

*cooperation with the Office of the Chief Financial Officer (OCFO), using federally accepted accounting principles; DDOE maintains complete and accurate books and records on all financial activities.*

*The "End of Day" report (signed by the supervisor) is submitted to OCFO and the original documentation is sent by carrier.*

*OCFO reviews and prepares documentation then submits payment to vendors (PEPCO, Washington Gas, and Home Heating Oil Suppliers).*

<b>PROCEDURES FOR UNREGULATED ENERGY VENDORS</b>			
<b>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.</b>	<b>Please highlight any strategies policy in this area which will be newly implemented in FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
			<i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i>
<b>VERIFYING THE AUTHENTICITY OF ENERGY VENDORS</b>			
<b>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.</b>	<b>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2014.</b>	<b>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?</b>	<b>Necessary outcomes from these systems and strategies</b>
			<i>An effective process that effectively confirms the existence of entities receiving federal funds.</i>

<b>TRAINING AND TECHNICAL ASSISTANCE</b>			
<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>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>
<b>AUDITS OF LOCAL ADMINISTERING AGENCIES</b>			
<p>Please describe the annual audit requirements in place for local administering agencies in FY 2013 that will continue into FY 2014.</p>	<p>Please describe new policies or strategies to be implemented in FY 2014.</p>	<p>If you don't have specific audit requirements for local administering agencies, please explain how the Grantee will ensure that LIHEAP funds are properly audited under the Single Audit Act requirements.</p>	<p>Necessary outcomes from these systems and strategies</p>
			<p><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.

<b>Finding Number</b>	<b>2011-64</b>
<b>Prior Year Finding Number</b>	<b>2010-56</b>
<b>Federal Program</b>	<b>Low-Income Home Energy Assistance Program (93.568)</b>
<b>Federal Award Number</b>	<b>G-10B1DCLIEA (10/1/09-9/30/11)</b>
<b>Federal Agency</b>	<b>U.S. Department of Health and Human Services (HHS)</b>
<b>District Department</b>	<b>Department of the Environment</b>
<b>Compliance Requirement</b>	<b>Eligibility</b>

**Criteria**

Per 42 USC § 8624 (b)(2) – *Certification Required for Covered Activities*, as part of the annual application required by subsection (a) of this section, the chief executive officer of each State shall certify that the State agrees to:

- (2) make payments under this subchapter only with respect to-
  - (A) households in which 1 or more individuals are receiving-
    - i. assistance under the State program funded under part A of title IV of the Social Security Act [42 U.S.C. 601 et seq.];
    - ii. supplemental security income payments under title XVI of the Social Security Act [42 U.S.C. 1381 et seq.];
    - iii. supplemental nutrition assistance program benefits under the Food and Nutrition Act of 2008 [7 U.S.C. 2011 et seq.]; or
    - iv. payments under section 1315, 1521, 1541, or 1542 of title 38, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or
  - (B) households with incomes which do not exceed the greater of-
    - i. an amount equal to 150 percent of the poverty level for such State; or
    - ii. an amount equal to 60 percent of the State median income; except that a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income;

**Condition**

During our performance of eligibility testing over the Low-Income Home Energy Assistance Program (LIHEAP) as operated by the District Department of the Environment (DDOE), we noted that 16 out of the 65 beneficiary files and applications selected for testing were missing proper documentation to evidence that the beneficiaries were certified as being eligible to receive LIHEAP benefits.

Specifically we noted that out of a population of beneficiary files and applications totaling \$12,450,318:

- 1. Five (5) out of 65 applications did not have an intake processor's signature indicating their review of the eligibility information that was entered into the LIHEAP system.
- 2. Eleven (11) out of 65 beneficiary files and applications selected for testing, totaling \$4,328 out of a sample of \$58,848, did not have the required income determination documentation necessary to support a beneficiary's eligibility.

### ***Cause***

DDOE program management did not follow established policies and procedures with regard to the review and certification of beneficiary applications. In addition, DDOE does not have sufficient policies and procedures with regard to the maintenance of required income documentation for LIHEAP applicants.

### ***Effect***

LIHEAP beneficiary applications and payments were not supported.

### ***Recommendation***

We recommend that DDOE program management:

1. Follow established policies and procedures to ensure that beneficiary applications and supporting documentation are properly reviewed and certified by an intake processor prior to eligibility determination.
2. Enhance DDOE policies and procedures concerning income determination documentation and record keeping to the standards of HHS requirements.

### ***Related Noncompliance***

Noncompliance

### ***Questioned Costs***

\$4,328

### ***Views of Responsible Officials***

The District Department of the Environment's (DDOE) Energy Affordability Division (EAD) concurs with the facts of finding. However, we wanted to include our position that evidence and proper documentation were included for the 16 files that were certified as eligible to receive LIHEAP benefits. The auditor(s) stated "Five (5) out of 65 applications did not have an intake processor's signature indicating their review of the eligibility information that was entered into the LIHEAP system."

Although we require a processor to sign benefit documentation, a processor's signature does not certify eligibility for LIHEAP benefits. Eligibility documentation and certification was provided during the application intake process by each applicant/customer. Intake workers that processed each of the five (5) applications had documentation in their possession in order to input customer eligibility information into our database which calculated benefit amounts on behalf of each customer in question.

Secondly the auditor(s) stated "Eleven (11) out of 65 beneficiary files and applications selected for testing did not have the required income determination documentation necessary to determine a beneficiary's eligibility."

Seven (7) of the 11 files in question were homebound applications. During the homebound application process, intake workers used eligibility documentation in their possession during the application process that was performed in a customer's home or housing complex for senior citizens. The information included and reviewed during the homebound visits was the customer's proof of income documentation.

During the time of our FY 2011 homebound visits, we did not have scanning technology available to make copies of income documentation. Therefore, intake workers documented a customer's proof of income on an "income statement." Our "Income Statement" was used as a tool in the absence of scanning capability or technology and used to certify and document a customer's eligibility.

In addition, four (4) of the 11 files in question were not considered homebound applications that were processed. When intake workers process applications they have access to the Department of Human Service's (DHS) Income Maintenance Administration's (IMA) Automated Client Eligibility Determination System (ACEDS) which provides income for customers that receive such income as TANF, Social Security income, child support income, unemployment income, Veteran's benefits, etc. Although we utilized the ACEDS database there was no requirement to include DHS income information in our files. However, ACEDS data is always used when processing LIHEAP applications.

DDOE's EAD strongly believes that all 16 beneficiary files in question were certified as being eligible to receive LIHEAP benefits during the application process. Again, this finding was stated during our FY 2010 audit. The EAD has since ordered scanners to capture and document a customer's actual proof of income presented during homebound visits. During FY 2012 the EAD implemented a requirement to include ACEDS income documentation in customer files.

Additionally, in fiscal year 2012, EAD implemented new guidelines as follows to ensure intake workers collect pertinent documentation from each client to ensure fiscal responsibility:

- Conduct daily file reviews for completeness, orderliness, and accuracy;
- Request, receive, and review relevant eligibility documents;
- Extract pertinent data from documents provided for LIHEAP applications;
- Certify documents are physically reviewed and approved; and
- Ensure certification occurs with the inclusion of a signature from both the intake representative and the applicant on a unique DDOE homebound form developed for such purposes.

***KPMG's Response***

We have reviewed management's response, and our finding remains as indicated.