

**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.

State of Minnesota	John Harvanko, LIHEAP Director	June 20, 2013 FFY2014
--------------------	--------------------------------	--------------------------

RECENT AUDIT FINDINGS

Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2013 or the prior three years, in annual audits, Grantee monitoring assessments, Inspector General reviews, or other Government Agency reviews of LIHEAP agency finances.	Please describe whether the cited audit findings or relevant operations have been resolved or corrected. If not, please describe the plan and timeline for doing so in FY2014.	If there is no plan in place, please explain why not.	Necessary outcomes from these systems and strategies
<p>The State of Minnesota, Office of the Legislative Auditor conducts and annual audit of the LIHEAP, CFDA 93.568.</p> <p>There was one finding in FFY2012 related to LIHEAP as addressed here and detailed below.</p> <p>One finding in each of FFY2010 and FFY2011 was previously reported and is described below.</p>	<p>The audit finding has been corrected. See FFY2012 below.</p>	<p>Not applicable</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>
<p>FFY2012 is the last full program year audited. Finding: The Department of Commerce did not obtain federal approval for the indirect cost rate it used for fiscal year 2012; it used the rate approved for the previous year as a basis for the \$949,338 of indirect costs it recovered from all federal programs, including \$240,914 from the Low-Income Home Energy Assistance Program. Corrective Action: An updated indirect cost proposal has been submitted to the federal government. The department will follow any and all guidance and recommendations offered by our federal regulators. Updated procedures have been set in place to timely submit indirect cost plan proposals annually. All plans will be submitted prior to January 1, to take effect in the next fiscal year.</p>			
<p>FFY2011 Finding: The Department of Commerce did not adequately monitor a local service provider that inappropriately provided \$1.35 million to households who did not meet the eligibility requirements for the crisis emergency benefits they received from the Low-Income Home Energy Assistance Program. Response to Finding: The Department agrees. We are working to recover the ineligible benefits as required by the federal Department of Health and Human Services.</p>			
<p>Upon learning of the issue last fall, the Department took immediate action to ensure federal FY12 funds were safeguarded and required the service</p>			

provider to implement an approved corrective action plan. The Department also heightened oversight of the service provider to ensure compliance with policy application and accounting procedures. As remediation steps were identified and implemented with the service provider, the Department also launched an investigation and sampled other crisis program providers, and did not identify other such issues.

The Department is working with energy vendors on strengthening their internal controls for payment processing to help prevent and detect issues in the future. The Department also is taking steps to implement structural changes in service provider monitoring to ensure compliance with program policies and procedures. Options being considered include: formal risk assessments, enhanced training and compliance standards, and external audits.

EAP recovered a portion of the overpaid funds and is working with the US Department of Health and Human Services to complete disposition of remaining recovery.

EAP begun discussions with major energy companies and is exploring technical controls and other policy areas to address the risks that were identified in this event as well as other program areas. This includes methods for energy vendors to monitor payments received to ensure they comply with program policies and procedures.

FFY2010 A copy of the audit is at: <http://www.auditor.leg.state.mn.us/fad/2011/fad11-10.htm>. Minnesota's LIHEAP had one finding involving the Department of Commerce overcharging \$51,319 of agency indirect costs to LIHEAP for the fourth quarter ending June 30, 2010. The department did not use the correct indirect cost rate for the fourth quarter of state fiscal year 2010 when charging agency indirect costs to the federal programs it administers. The department's federally approved indirect cost rate was 11.3 percent for fiscal year 2010; however, the department mistakenly used the 14 percent indirect cost rate approved for fiscal year 2011. The overcharge was corrected.

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 2014, please describe how the State is verifying that LIHEAP policy and procedures are being followed.	Necessary outcomes from these systems and strategies
<p>MN's EAP analysis indicates that the identification of policy misapplication plays a crucial role in assuring Service Providers both understand and fully regard program policy. By identifying policy misapplication, EAP can provide targeted training and technical assistance to directly support Service Provider performance improvements or develop incentives (positive or negative) that encourage Service Providers to improve on their own. To improve EAP's capacity to identify Service Provider policy misapplication, the following initiatives were modified or developed:</p> <ul style="list-style-type: none"> ■ <i>Service Provider Full Monitoring Tool</i> <ul style="list-style-type: none"> ○ Refined existing and added supplemental questions regarding application of essential benefit determination policies ○ Improved examination of compliance with contractual, local plan and internal controls requirements ○ Developed questions regarding fraud, waste or abuse ■ <i>Service Provider Applicant Files Review</i> <ul style="list-style-type: none"> ○ Re-evaluated file sampling methodology, including expanding the depth of samples ○ Added samples for targeted policy areas ○ Improved file review procedures to focus 	<p>Minnesota continues to refine and update its:</p> <ul style="list-style-type: none"> ● EAP Policy Manual ● Monitoring tools to extract better information from Service Providers ● EAP Local Plan <ul style="list-style-type: none"> ○ Service Provider local work plan to describe and assure how policies and procedures are followed and address program compliance and delivery. 	<p>Not applicable</p>	<p><i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i></p>

- more directly on compliance with policy requirements (e.g., required documentation)
- *Pattern & Outlier Analysis*
 - Developed and implemented procedure to identify benefit payment abnormalities through data mining
- *Program Audit Review*
 - Designed and implemented internal review to validate and track Program Performance Auditor reports on Service Provider Audits and any associated corrective actions
- *Crisis Benefit Validation*
 - Developed and implemented method to independently validate Service Provider records of required Crisis benefit determination verifications (e.g., amount of energy vendor arrearage)

Consequence Management

Based on the premise that individuals (and organizations) take action, in part, due to the various incentives before them, EAP's analysis recognizes that ambiguously defined and inconsistently enforced penalties for past infractions may have led to a perceived lack of consequences for policy misapplication.

Compliance Monitoring

The state will continue to be monitored annually by the Office of the Legislative Auditor

- Local agencies are monitored onsite at least once a year
- Local program activity is monitored continually
- Application data is entered into a central database

Full Monitoring Visits

Full monitoring is a review of how the Service Provider has performed. Performance is verified by an onsite visit, reviewing of various reports and a file review.

EAP Service Providers determined to have a low risk assessment and are in good standing may not have an on-site full monitoring visit.

Before the full monitoring DOC EAP staff assess the likely risks regarding each EAP Service Provider.

Program Performance Auditors review the following:

- Previous years reports including findings, etc.
- Local plan,
- Initial monitoring tool
- File download from EAP eHEAT online computer software

<ul style="list-style-type: none"> • Additional information from eHEAT • ERR and crisis reports • Weekly Application Count Targets • Average number of days for incomplete applications • Average number of days to terminal state of application • Full Monitoring Tool • Staff input • Fiscal Audit <p>While at the visit PPA's review the following:</p> <ul style="list-style-type: none"> • Performance Indicator Report from eHEAT • EAP files – including crisis and ERR records • Payroll Records • Assurance 16 records of activity recorded in eHEAT <p>For the past nine years Minnesota has written and implemented a business approach, program models and effort definitions to require and promote sound program and fiscal controls.</p> <p>During FFY2009 Minnesota combined these business models, philosophies, efforts, manuals, policies, policies and monitoring tools into an Internal Control Framework (ICF).</p> <p>See: Attachment 2 - EAP Internal Control – Integrated Framework, Coordinated Responsibility Model and EAP Business Strategy Model</p> <p>Attachment 3- FFY2013 EAP Program Audit Report</p>			
---	--	--	--

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>EAP delivery agencies are required to complete and submit incident reports when suspected fraud or allegations of fraud, waste or abuse are received or discovered. EAP agencies may be contacted by phone, fax, email, letter or in person.</p> <p>Energy vendors are required to report suspected LIHEAP fraud.</p> <p>See Attachment 3 – excerpt from</p>	<p>None</p>	<p>Not applicable</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>

<p>FFY2013 EAP Policy Manual, Chapter 13 - Incidents</p> <p>Although not designated as a EAP Fraud Hotline, 1-800-657-3710 is a widely known Minnesota Energy and EAP number. The Office of Energy Assistance Programs website list the local and toll free telephone numbers as well as websites for each delivery agency .</p>			
--	--	--	--

VERIFYING APPLICANT IDENTITIES

<p>Describe all FY 2013 Grantee policies continuing in FY2014 for how identities of applicants and household members are verified.</p>	<p>Please highlight any policy or strategy from your plan which will be newly implemented in FY 2014.</p>	<p>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.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>The Energy Assistance Program software program, Electronic Household Energy Automated Technology (eHEAT) developed and created by the Minnesota Department of Commerce does not allow duplicate Social Security Numbers.</p> <p>Only the primary applicant must provide a verifiable SSN or an Authorized Alternative Document. The SSN is requested for other household members.</p> <p>Most EAP benefits are paid to an energy vendor on behalf of an eligible EAP household. Households provide copies of energy bills with vendor account numbers. EAP benefits are applied to the vendor's customer account at the household's address.</p> <p>Minnesota requires documented proof of income. Proof of home ownership is required for heating system replacement.</p> <p>The EAP application includes the name, SSN and date of birth of household members.</p>	<p>Minnesota continues to research, analyze and plan how to implement new policy and procedures in this area. Minnesota is looking to HHS and other states for assistance and guidance in this area to prevent duplication of efforts.</p> <p>Copies of alternative documents are required to verify the documents and ensure they have not expired.</p>	<p>Not applicable</p>	<p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p>

SOCIAL SECURITY NUMBER REQUESTS

Describe the Grantee's FY 2014 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.	Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, or remaining the same.	If the Grantee is not requiring Social Security Numbers of LIHEAP applicants and/or household members, please explain what supplementary measures are being employed to prevent fraud.	Necessary outcomes from these systems and strategies
<p>The verifiable Social Security number is required from the primary applicant for FFY2014.</p> <p>All provided SSNs must be a possible SSN number and is screened by eHEAT software. EAP Household members' SSNs are checked for duplicate SSNs if available.</p> <p>An Authorized Alternative Document, such as providing a copy of an I-94 form is an allowable alternative.</p> <p>Minnesota requests the Social Security Number from other household members.</p>	<p>Same policy as FFY2013</p>	<p>The SSN is requested but not required from other household members.</p> <p>EAP has spent considerable time and resources in the past two years designing a project for implementing SSN verification into business practices for EAP eligibility. The SSN verification project was initiated in June 2010. A project definition, plan, stakeholder analysis and approach model were completed. EAP and DOC staff, including information technology, policy and program specialists, began working with SSA staff in Chicago and Baltimore to analyze the security requirements, guidelines and procedures for a state agency to exchange electronic information with SSA via their SVES I/Citizenship database. The project has not been fully implemented.</p> <p>Until cross-checking of the SSN is operational and SSNs are validated, requiring SSNs would not prevent fraud.</p>	<p><i>All valid household members are reported for correct benefit determination.</i></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
<p>Minnesota will continue to use the EAP eHEAT software to cross check for duplicate Social Security Numbers.</p> <p>Requests to the Social Security Administration for Social Security and</p>	<p>Minnesota is working to secure agreements with the SSA to validate SSNs for FFY2014.</p> <p>Minnesota plans to verify SSNs through SSA as</p>	<p>Cross checking will done as soon as available.</p> <p>Many LIHEAP household members receive unemployment or other public benefits. Household members are</p>	<p><i>Use of all available database systems to make sound eligibility determination.</i></p>

<p>SSI income include SSN verification for those household members.</p>	<p>soon as access is granted and systems to access the databases are designed and implemented.</p>	<p>required to provide proof of income received from these sources.</p> <p>EAP explored the feasibility of accessing vital death records to prevent the use of deceased identities for improper receipt of benefits and found this type of verification may be possible once the SSN verification system between SSA and EAP is established.</p> <p>In addition to working with the SSA to begin verifying SSNs via their SVES I/Citizenship database, EAP plans to exchange data with the SSA's Prisoner Update Processing System (PUPS) to assist in prevention of EAP benefits provided inappropriately to incarcerated individuals.</p>	
---	--	---	--

VERIFYING APPLICANT INCOME

<p>Describe how the Grantee or designee used State Directories of new hires or similar systems to confirm income eligibility in FY 2013 and continuing in FY 2014.</p>	<p>Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2014.</p>	<p>If the Grantee won't be using new hire directories to verify applicant and household member incomes how will the Grantee be verifying the that information?</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>Minnesota EAP does not use State Directories of new hires or similar systems at this time.</p>	<p>Minnesota is looking to HHS for assistance and guidance regarding new hire directories and other systems to confirm income to prevent duplication of efforts by 50 states, Indian Tribes and US territories that deliver EAP.</p>	<p>Minnesota requires copies of documented proof of income. Documents to verify income include but are not limited to:</p> <ul style="list-style-type: none"> ▪ Check stubs ▪ Bank statements ▪ IRS 1040 for self-employed ▪ Unemployment Insurance printouts ▪ Award letters ▪ Counties use MAXIS database information ▪ Employer letters and printouts <p>In 2010, EAP began preliminary analysis of the feasibility of third-party verification of EAP applicant income. In October 2010, EAP staff met with staff of the Minnesota Department of Employment & Economic Development (DEED), the state agency that collects income information, to assemble a candidate Project Definition for a possible DEED and EAP data sharing project.</p>	<p><i>Effective income Determination achieved through coordination across program lines.</i></p>

PRIVACY-PROTECTION AND CONFIDENTIALITY

Describe the financial and operating controls in place in FY 2013 that will continue in FY 2014 to protect client information against improper use or disclosure.	Please highlight any controls or strategies from your plan which will be newly implemented as of FY 2014.	If you don't have relevant physical or operational controls in place to ensure the security and confidentiality of private information disclosed by applicants, please explain why.	Necessary outcomes from these systems and strategies
<p>Minnesota's EAP eHEAT software requires login security to access the system. All individuals with access to eHEAT must sign a eHEAT Security Agreement. Individual functions and roles in eHEAT are defined and limited to the duties performed by the worker. The Minnesota EAP Policy Manual has policies and procedures regarding private household data. Data can only be released to third parties if they are listed in the "Rights and Responsibilities" form or in the 'Permissions' on the EAP application or Informed Consent form to release private data. Training and information is provided by the State regarding Data Practices. Energy vendors are required to sign a vendor agreement that includes data practices.</p> <p>A separate policy and procedure is in place for applicants in the "Safe At Home" program for household in a government program to hide their location.</p> <p>All staff are required to use secure email procedures when emailing private data. Private data is maintained for the period and manner required by law.</p> <p>See Attachment 4 - <i>Minnesota EAP Policy Manual</i>, Chapter 14 – Data Practices and Records</p>	<p>Minnesota EAP is continually improving the "Rights and Responsibilities" known as the Tennessen Warning provided to households and the permissions section of the application. Minnesota updates and improves existing policies/procedures or language as needed to provide needed privacy and proper sharing of household information.</p>	<p>Not applicable</p>	<p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p>

LIHEAP BENEFIT 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
<ul style="list-style-type: none"> • Applications are reviewed and verified through a certification process at each 	<ul style="list-style-type: none"> • Continue to improve and enhance existing efforts as 	<p>Not applicable</p>	<p><i>Authorized energy</i></p>

<p>service delivery provider.</p> <ul style="list-style-type: none"> • Award letters are sent to households that explain EAP payments to vendor customer accounts on the household's behalf. • Electronic Fund Transfer payments are made to energy vendors when possible. Approximately 99 percent of primary heat payments are EFTs. • Vendors are required to follow the Vendor Chapter of the Minnesota EAP Policy Manual and must sign a vendor agreement. • Local EAP Service Providers provided vendor training. Vendor records and household customer accounts are monitored by local Service Providers • Service Providers receive training regarding vendor practices, receiving and validating payments and refund policies. • eHEAT software limits the maximum benefit allowed per household. • eHEAT software alerts local Service Providers when a duplicate vendor account number is entered for an application. • All vendor payments are made through the state's central payment system administered by the Minnesota Department of Management and Budget. • Local staff work with the state's Public Utilities Commission to resolve disputes between vendors and EAP households. • A policy standard for the data entry of household addresses will be implemented. This will allow an improved search for households with duplicate addresses. • A new process for entering crisis payments into eHEAT software will be continued in FFY2014. Validating and verifying Crisis funds needed to assist a household will be recorded. • Applications for assistance from local agency employees and board members will be approved by one local EAP agency. The applications for that agency will be approved by state EAP staff. • The vendor chapter of the EAP policy 	<p>needed.</p>		<p><i>vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p>
--	----------------	--	--

<p>manual vendor chapter will include increase fraud prevention efforts.</p> <ul style="list-style-type: none"> • EAP will implement plausible processes to reduce fraud, waste and abuse identified in an external assessment conducted to review its internal controls and monitoring processes to identify areas for improvement. • EAP has conducted risk assessment activities. As a result assessed risks have been added along with other identified areas of similar risks to EAP's formal risk assessment process. • EAP has introduced a position to serve as a segregated checkpoint to analysis and assess monitoring activities conducted by other EAP staff at Service Provider offices. This strengthens the integrity of monitoring examinations and produces more thorough and consistent program auditing. • EAP strengthened program policies for FFY13 to promote and require more internal controls. • EAP strengthened data system technical controls to assist in preventing this issue from reoccurring. • EAP enhanced monitoring processes to increase effectiveness of oversight of all Service Providers. • EAP introduced new data patterns and outliers examinations to exam risk areas. • EAP developed and began testing a method to cross reference and verify energy vendor data and Service Provider data. • EAP increased documentation standards and requirements for all Service Providers. • MN EAP staff encouraged and trained Service Providers on increased documentation standards and requirements and its importance to ensure accurate program delivery. 			
---	--	--	--

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>Please refer to the Minnesota EAP Vendor Controls listed at the bottom of the next section VERIFYING THE AUTHENTICITY OF ENERGY VENDORS.</p> <ul style="list-style-type: none"> ▪ All vendors are monitored by local Service Providers. ▪ All vendors are required to sign a vendor agreement and state that EAP households are not adversely treated. • All vendors are required to be registered the State central payment system through the Minnesota Department of Management and Budget • A new process for entering crisis payments into eHEAT software will be implemented. • Crisis requests are verified by the energy vendor and include the validation of an energy emergency, reasonability of the request and post documentation of crisis assistance to the household. • The vendor chapter of the EAP policy manual vendor chapter will include increase fraud prevention efforts. • EAP is in the process of having an external assessment conducted to review its internal controls and monitoring processes to identify areas for improvement. • EAP annual training in August will focus on areas of concerns as well as new processes be developed for FFY2013. • EAP strengthened program policies for FFY13 to promote and require more internal controls. • EAP strengthened data system technical controls to assist in preventing the FFY2011 program material weakness from reoccurring. • EAP enhanced monitoring processes to increase effectiveness of oversight of all Service Providers. 	<ul style="list-style-type: none"> • Continue to improve and enhance existing efforts as needed. 	<p>Not applicable</p>	<p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>

<ul style="list-style-type: none"> • EAP introduced new data patterns and outliers examinations to exam risk areas. • EAP developed and began testing a method to cross reference and verify energy vendor data and Service Provider data. • EAP increased documentation standards and requirements for all Service Providers. ▪ 			
--	--	--	--

VERIFYING THE AUTHENTICITY OF ENERGY VENDORS

<p>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.</p>	<p>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2014.</p>	<p>If you don't have a system in place for verifying vendor authenticity, please describe how the Grantee can ensure that funds are being distributed through valid intermediaries?</p>	<p>Necessary outcomes from these systems and strategies</p>
<ul style="list-style-type: none"> ▪ Vendor payments are made through the State central payment system through the Minnesota Department of Management and Budget. ▪ All vendors must register with the State Department of Management and Budget before receiving payments ▪ Vendors must be registered in EAP eHEAT software. ▪ All vendors are monitored by local Service Providers. ▪ Reduce the number of self-cut wood households by requiring wood vendors where available. <p>See Attachment 5 - EAP Vendor Controls</p>	<p>The Department is advancing and improving internal controls and local monitoring of energy vendor activities</p>	<p>Not applicable</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 regiment and technical assistance resources from your plan which will represent newly implemented elements 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</p>	<p>Necessary outcomes from these systems and strategies</p>

		employ.	
<p>All State EAP staff are involved in the development of continued improvement of policy and procedures</p> <ul style="list-style-type: none"> ▪ Staff and Service Providers receive yearly training to prevent fraud, waste and abuse. <ul style="list-style-type: none"> ○ Minnesota’s documents related to Program Integrity are incorporated in the larger Internal Control Framework (ICF) program effort. ▪ The EAP Policy Manual, Chapter 14 Data Practices and Records provides information and technical assistance to service provider staff. ▪ The ICF is a living document that is continually evolving and guiding current and future program development. ▪ The EAP Local Plan completed by Service Providers administering EAP is designed to address Internal and External controls and program compliance. ▪ Vendors receive training and technical assistance from local Service Providers as needed and during vendor monitoring. ▪ Vendors sign a vendor agreement and receive a copy of the vendor chapter of the EAP Policy Manual. Household receive instructions for completing their application that explains the income and documentation required. ▪ Households receive a Rights and Responsibilities document that explains what may happen if they provide false information. ▪ Additional household liability is stated in the signature page of the application. ▪ The Rights and Responsibilities and the Energy Programs Application requires the primary 	<ul style="list-style-type: none"> ▪ EAP has promoted and will train Service Providers in August on increased documentation standards and requirements and its importance to ensure accurate program delivery. ▪ The language in the Tennessee Warning “Rights and Responsibilities” and the permissions statement signed by clients is being updated. 	<p>Not applicable</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>

<p>applicant to provide their Social Security Number in order to process the EAP application.</p> <ul style="list-style-type: none"> EAP staff sign an agreement related to the use of eHEAT software and household data. 			
--	--	--	--

AUDITS OF LOCAL ADMINISTERING AGENCIES

<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>Local EAP Service Providers are required through their contract to have an annual corporate audit conducted. A copy of the audit must be provided to the Minnesota Department of Commerce.</p> <p>The state may require an EAP specific audit if not part of the corporate audit</p> <p>Audits are conducted based on the Service Provider's Fiscal Year.</p> <p>The schedule listing the date the fiscal year ends and the due date of the audit submission is inserted in Attachment 6 below.</p> <p>Minnesota's EAP Policy Manual, Chapter 17 Program Fiscal Management has Audit policies and procedures. See Attachment 6 below.</p>	<p>Minnesota will continue with the same policies and strategies.</p>	<p>Not applicable</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.

Attachment 2



Energy Assistance Program

Minnesota EAP

EAP Internal Control – Integrated Framework Updated 12-22-2010

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
<i>Control Environment</i>			
1.	Set a positive tone at the top that instills integrity, builds control consciousness among employees, and fosters shared ethical values and teamwork in pursuit of agency objectives.	Agency Head	<p>COSO Cube 2004 Ongoing COSO Effort</p> <p>MDOC Our mission is to ensure equitable commercial and financial transactions and reliable utility services by: regulating and licensing business activity in more than 20 industries; investigating and resolving consumer complaints; advocating the public's interest before the Public Utilities Commission; and, administering various state programs</p> <p>Division of Energy Resources Minnesota Department of Commerce ...Working to move Minnesota toward a sustainable energy future, managing energy assistance funds, advocating in the public interest on energy utility rates and facility siting. We provide information and assistance to residents, builders, utilities, non-profits and policy-makers on home improvements, financial assistance, renewable technologies, policy initiatives, and utility regulations.</p>
	<p>EAP Business Strategy Model (BSM) Maintain and promote Business visions.</p> <p>Promote Vision to Delivery System & Partners</p>	EAP Director	<p>The Business Strategy Model (BSM) provides a shared vision. The shared vision ensures we are serving the same goals and are all working together. The BSM helps build a high-performing team, helps provide consistent messages to key stakeholders and guide day-to-day decisions and actions. The PAC and EAP staff's each have a BSM. They share intentions, values and markets and differ in the offerings</p> <ul style="list-style-type: none"> • State Energy Assistance Program: EAP BSM • Policy Advisory Committee: PAC BSM • EAP Mission and Values Repeated in EAP Policy Manuals
Item #	Actions to be Performed	Responsible	Documents & Description/Comments
2.	Maintain a positive control environment that meets the following criteria:	DOC Head & Director	

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
	<ul style="list-style-type: none"> Shared ethical values, including integrity, are established, communicated, and practiced throughout the Unit. 	Director	<ul style="list-style-type: none"> Code of ethics for employees in the Executive Branch Go to web page. Code of ethics -- Acceptance of special discounts Deductions from pay for Disciplinary Suspensions for Exempt Employees Federal Labor Standards Act Update Harassment Zero Tolerance for Sexual Harassment Policy DOC. Zero tolerance for workplace violence web page.
	<ul style="list-style-type: none"> People have the necessary knowledge, skills, and tools to support achieving the organization's objectives. Management must demonstrate a commitment to competence by specifying the knowledge and skills required for a job, keeping position descriptions current, hiring qualified individuals for positions, providing employees with the training and tools necessary to accomplish their assigned job duties, and periodically evaluating each employee's performance. 	Director	<p>EAP Mission and Values</p> <ul style="list-style-type: none"> Repeated in EAP Policy Manuals BSM Values Section Values are identified in each effort <p>Position Descriptions – (see sample)</p>

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
	<ul style="list-style-type: none"> Management's philosophy and operating style is consistent with agency beliefs and values. 		<p>Office Procedure:</p> <ul style="list-style-type: none"> Human Resources Org Charts Telecommuting These are all Word docs. <ul style="list-style-type: none"> Telecommuting Policy Q & A for Employees Guidelines for Supervisors Telecommuting Safety Checklist Travel Policy Electronic Mail Policy and Procedures Electronic Document and E-Mail Retention Acceptable Internet Use Political Activities of Employees Statewide Policy on Use of Electronic Communication and Technology Solicitation Policy Vendors should not be permitted to conduct individual solicitations of employees while they are at work Policy on Sick Leave Go to web page. Alcohol and drug use by state employees DOC Intranet web page.
	<ul style="list-style-type: none"> Organization structure within each unit provides an appropriate framework within which activities for achieving unit and agency objectives are planned, executed, controlled, and monitored. 	EAP Director	<p>EAP Management Methodology Master Plan EAP Policy Manual</p> <ul style="list-style-type: none"> The EAP Policy Manual contains 26 Chapters, which provides values, authority, policy and procedures, reporting, errors and fraud and other objectives and activities to administer the program, contains copies of: LIHEAP Grant Contract Approved Local Plan Tennessee Warning – with application Yearly Formal Training Field Monitoring Effort Definition, Tools and reports Quality and performance control oversight (Weekly Staff Meeting review)

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
	<ul style="list-style-type: none"> An atmosphere of mutual trust is fostered to support the flow of information between individuals and their effective performance toward achieving objectives. 	DOC Head EAP Director	EAP Management approach places the business team, including stakeholders, in the center of all efforts in terms of contributing expertise, Making policy, priority, and economic decisions, determining the ongoing and final success of the effort, assuring the business needs for serving to the program participants are the ones being served. The approach requires consensus among a variety of participants representing multiple, potentially conflicting, perspectives and needs. By allowing the business experts to openly communicate (including agreement and disagreement), reveals key underlying business issues and beliefs. Tools include: <ul style="list-style-type: none"> Issues management using issues log and reviewing and discussing at staff meeting Effort Definitions, Plans and mini plans jointly developed and agreed upon
	<ul style="list-style-type: none"> Authority, responsibility, and accountability are clearly defined and consistent with the agency's objectives so that appropriate personnel make decisions and take necessary actions. Within the agency, authority and access to resources (e.g., clearance to information systems) are restricted to only those individuals who need it to perform their assigned duties. 	EAP Director	eHEAT Administration is assigned through the System administrator. The Monitor review agreement and user status a local levels for compliance. Data Practices Data Practices and Records Chapter 14 in EAP Policy Manual
3.	Obtain information and training about the COSO internal control framework, as it pertains to one's position, role, and responsibilities that enables each employee to contribute effectively to maintaining an effective internal control system.	EAP Director	

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
Risk Assessment			

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
4.	Identifies priority activities within the organization for risk assessment. EAP considered area that materially impact the state's financial position and results of operations (e.g., assets, liabilities, revenues, expenses or expenditures account balances that are material in dollar amount)	Fiscal Director & EAP Director	<p>DOC has a fiscal department with procedure and delineated assignments with separation of duty and oversight.</p> <p>EAP considered these areas for Risk Analysis:</p> <ul style="list-style-type: none"> • The agency's responsibility for preparing fund-level financial statements for inclusion in the state's Comprehensive Annual Financial Report. • Significant programs, functions, statewide systems, and subsystems. • Significant business processes. Examples include the payroll process, the process for reporting federal grant receipts and expenditures, and the process for managing capital assets. • EAP Uncertainty Analysis Risk Assessment <p>The EAP Risk Assessment Effort Definition Defines the intentions, scope, values and context of the EAP risk analysis.</p>
5.	Identify, analyze, and manage business risks impacting EAP's ability to maintain financial strength, a positive public image, and the overall quality of its products and government services.	Management	<p>EAP Uncertainty Analysis (Risk Analysis) is used to conduct risk mitigation. EAP method & tools include processes designed to reduce risk, planning, agreements, routine monitoring visits to SP and vendor and oversight studies reviewed weekly and investigated. Weekly staff meetings are geared towards reviewing indicators, analysis and actions assigned.</p> <p>Risks arise from internal factors or external factors. The analysis estimates the significance of the risks, assesses possible impact and likelihood (or frequency) of the risks occurring, identifies indicators and determines needed actions to manage the risks at an acceptable, cost-effective level.</p>
6.	Develop a plan for establishing an internal control system. This plan, at a minimum, should require documentation of control policies and procedures designed to support the achievement of an agency's objectives, including financial management, analysis of relevant risks, and periodic evaluations of the effectiveness of the internal control system.	Agency Head	<ul style="list-style-type: none"> • Budget Allocation Effort Definition and Plan • EAP Issues Log • Monthly Financial Status Reports • (Chapter 18 – EAP Policy Manual) • Assessing Risks and Internal Controls • Monitoring visits, report findings recommendation and technical assistance

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
Control Activities			

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
7.	Design and implement the internal control policies and other control activities as appropriate. These control activities include:		
	<ul style="list-style-type: none"> Proper approvals by persons acting within their scope of authority (delegation of authority, system security clearance). 		<ul style="list-style-type: none"> Weekly Budget & Allocation Controls Process Weekly Controls Review and follow up DOC vendor Management Procedures State Plan, Contracts, Local Plans -Copies in EAP Policy Manual
	<ul style="list-style-type: none"> Adequate retention of source documents (receipts, invoices) to evidence the nature, amount, and terms of a transaction. 		<ul style="list-style-type: none"> EAP File Structure EAP Paper files EAP home database eHEAT System MAPS System
	<ul style="list-style-type: none"> Verifications or independent checks to ensure the existence of assets (petty cash counts, physical counts of consumable inventories or capital assets) by someone other than the person maintaining the asset records. 		<ul style="list-style-type: none"> SP required to have annual audit DOC is audited by OLA Department of Finance Registers vendors and maintains payment status DOC registers vendors for eHEAT SP enters Agreement Between SPs and Vendors SP monitor vendors
	<ul style="list-style-type: none"> Reconciliations (bank reconciliations for checking accounts) to ensure that the balance per the accounting records agrees with the balance per the bank or another source at a particular point in time. 	Fiscal SP for ERR	<ul style="list-style-type: none"> Centralized Payments are validated by SP (eHEAT), Vendor (EFT eHEAT) Household recipient (Letters of notification) Non Central Payments are verified through FSR matching eHEAT Service data, Field Monitoring reviews, household and contractor.

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
	<ul style="list-style-type: none"> Analytical procedures to identify variances in financial information that appear unusual and merit further examination. Examples of analytical procedures include trend analysis, comparison of current year's financial results to prior year's data, and comparisons of budgeted financial information to actual recorded results. 	Director	<ul style="list-style-type: none"> Duplication data review of vendor accounts Weekly all staff review of FSR matching, application status, payment trends, data integrity as it relates to benefit and expenditure Monitor review Fiscal Closeout reporting SP Audit requirements
	<ul style="list-style-type: none"> Physical controls to secure assets against loss (cash kept in locked drawers or safe). 	Fiscal	
	<ul style="list-style-type: none"> Access controls (passwords) to restrict access to programs and data that reside on computerized information systems. 		<ul style="list-style-type: none"> DOC Network Security Controls eHEAT Security Structure and processes Password Protocols (See eHEAT Administrator Security Agreement and eHEAT User Security Agreement) Restricted access for each user based on duties (See eHEAT Administrator Security Agreement and eHEAT User Security Agreement) MAPS accessibility OET Controls Security Tips
	<ul style="list-style-type: none"> Operational performance reviews to discuss performance goals, measured results, and reasons for favorable and unfavorable variances. 		<ul style="list-style-type: none"> Annual planning process OLA Audit External Service Provider Corporate Audits Submitted Yearly

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
	<ul style="list-style-type: none"> Separation of incompatible duties so no one person has control over an entire transaction or process. All documents need to involve at least two people: one to complete the document and another to review and approve the document for processing. 	Management	<ul style="list-style-type: none"> Payment certification functionality in eHEAT Cash Request Reasonableness Test Data Practices - EAP Policy Manual eHEAT Manual and Training Materials Weekly Production Reports Weekly Allocation Worksheets – See Sample
8.	Communicate the internal control policies and procedures to all staff so they understand what is expected of them and the scope of their freedom to act.	Management	<ul style="list-style-type: none"> DOC News and Notes email EAP Internal Home Page Position Descriptions EACA Meeting Presentations MinnCAP

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
Monitoring			
9.	Monitor the internal control system to assess its quality over time. This can be accomplished in two ways or a combination of the two:	Management	
	<ul style="list-style-type: none"> Separate evaluations of internal control, such as control self-assessments or internal audits. 		<ul style="list-style-type: none"> OLA Audit External Service Provider Corporate Audits Submitted Yearly
	<ul style="list-style-type: none"> Ongoing management activities that are built into normal, recurring operations, including supervision. 		<p>The monitoring process identifies control deficiencies or weaknesses that merit immediate corrective action.</p> <ul style="list-style-type: none"> Initial Monitoring of each SP Full Monitoring of each SP (includes review for external Audit Findings) COSO SP Vendor Monitoring (See EAP Policy Manual and Form) EAP and eHEAT Issues Logs & Quality Control and Performance Oversight review at staff meeting
10.	Establish and perform follow-up procedures to ensure that appropriate change or corrective actions have occurred in a timely manner, with complete elimination of any significant internal control deficiencies, and resolution of any detected problems. Follow-up procedures, at a minimum, should include mechanisms for monitoring results and reporting significant control deficiencies to individuals responsible for the process or activity involved, including executive management, and those individuals in a position to take corrective action.	Agency Head and Management	<ul style="list-style-type: none"> Initial Monitoring Tool Full Monitoring Report Dynamic Watch List Review Incident Reports – Internet Link Appeals Process – See EAP Policy Manual Intervention Plan

Item #	Actions to be Performed	Responsible	Documents & Description/Comments
11.	For internal control weaknesses that the Office of the Legislative Auditor or other internal or external auditor detects and reports, develop a corrective action plan with the name of the person responsible to take action and a target date for resolution of the audit issue. Communicate progress periodically to Finance and/or other applicable parties, using the Corrective Action Plan form or similar document, until the audit issue is fully resolved or no longer applicable.	Agency Head	<ul style="list-style-type: none"> • External Audit of Grantees required by • LIHEAP Grant Contract – Copy in EAP Policy Manual • Full Monitoring Tool
12.	For internal control weaknesses that internal or external auditors detect and report verbally, develop a corrective action plan and monitor agency progress until the audit issue is fully resolved or no longer applicable.	Agency Head	<ul style="list-style-type: none"> • For SPs – Initial Monitoring • Desk Monitoring • Full Monitoring – External Audit Review for Findings and Questioned Costs – <p>Findings are resolved by SP and reviewed in Local Plan and Initial Monitoring with corrective actions from prior year</p> <ul style="list-style-type: none"> • Full Monitoring Reports – See Embedded Sample
13.	If applicable, monitor agency progress to resolve internal control weaknesses that the Office of the Legislative Auditor reports. Continue monitoring agency progress until audit issues are fully resolved or no longer applicable.	Finance Financial Reporting Unit	Complete response to OLA findings to fully meets their satisfaction/requirements
Communication and Information			
14.	Communicate sufficient and relevant (accurate and complete) information in a useable format and in a timely manner to employees and/or other parties who need it to perform their assigned duties.	All Employees All Grantees	<ul style="list-style-type: none"> • EAP Communication Plan • Weekly Staff Meetings • Energizer and Spark Copied to Energizer • Energizer (Internet Link) • EAP IntraWeb • PAC Meetings • EACA Presentations • MinnCAP Presentations • OES Director Meetings



Coordinated Responsibility Model

EAP employs a "Coordinated Responsibility Model"

The Model assumes households, vendors, and the government all have a role in assuring heat for low-income households during the winter.

- **Government** responsibility includes providing heating payment supplements, case management and advocacy for households, and maintaining influence with vendors.
- **Energy Vendor** responsibility is to be as flexible as possible so energy payments leverage the highest possible level of service to the household.
- **Household** responsibility is to make reasonable and planned payments for energy service, access government aid when necessary and communicate with vendors and government service providers.

Implementation:

DOC provides heating payment supplements, case management, advocacy for households and influencing energy vendors.

Other state agencies do, too, including DHS and PUC Part of our task is to coordinate with other organizations that are part of the energy assistance system.

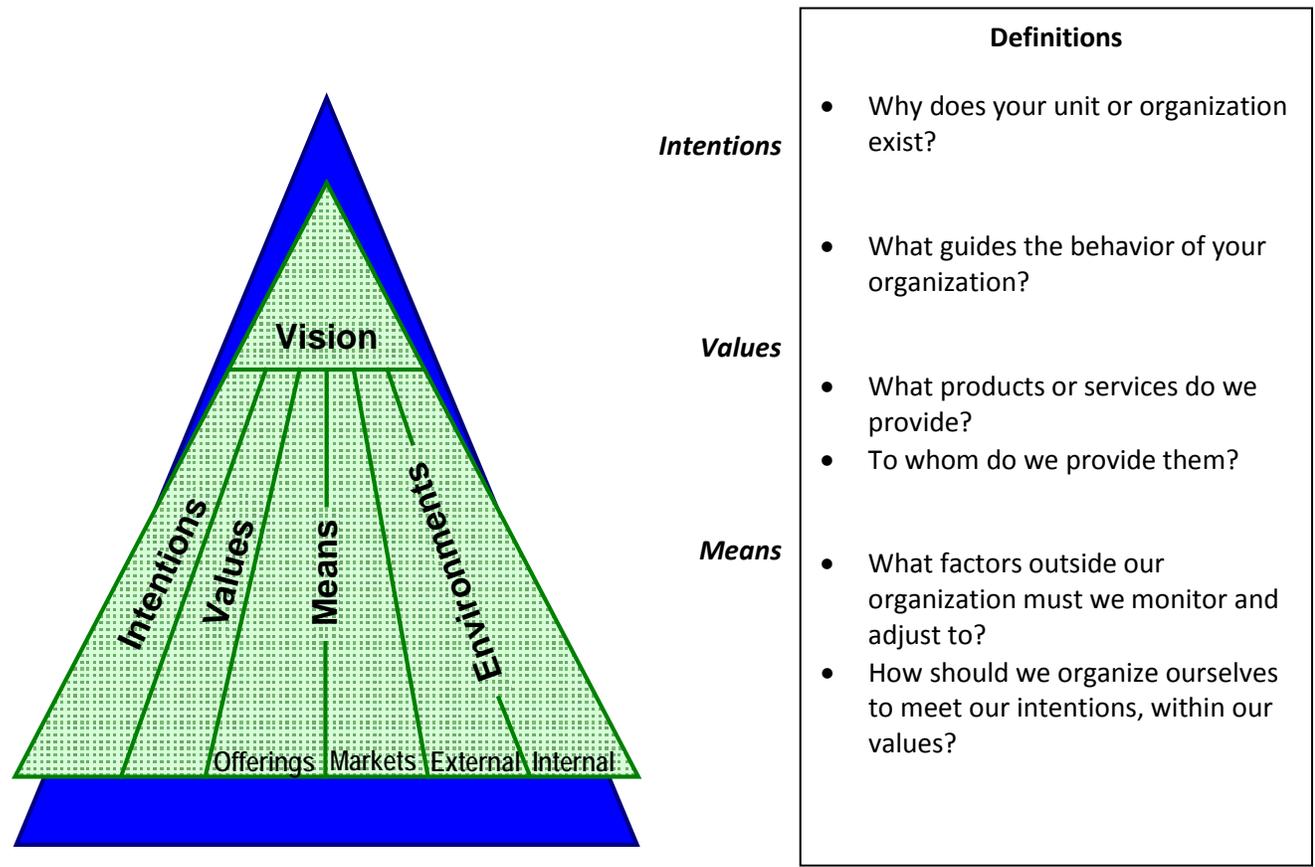


EAP Business Strategy Model

The Business Strategy Model (BSM) provides a shared vision. The shared vision ensures we are serving the same goals and are all working together. The BSM helps build a high-performing team, helps provide consistent messages to key stakeholders and guide day-to-day decisions and actions. The PAC and EAP staff's each have a BSM. They share intentions, values and markets and differ in the offerings. EAP BSM was replaced the EAP Effort Definition, which was originally created 2004.

Elements of a Complete Vision

The BSM creates a shared vision by defining key elements of the business. The pyramid model below illustrates the concept. The combination intentions, values, means and environments come together to create the vision:





EAP Business Strategy Model

Intentions

Maintain affordable, continuous, and safe home energy for low-income Minnesota households.

Values

1. Overall:
 - a. Affordable, safe, and dependable energy
 - b. Advocacy
 - c. Good stewardship of resources
 - d. Being realistic about limitations
 - e. Quality
 - f. Partners and Partnerships (see Coordinated Responsibility Model)
 - g. Understanding the program in the context of broader public policy and other needs of low-income Minnesotans
 - h. Being the compass but not the map
 - i. Reward positive, proactive behavior by all energy stakeholders
2. Regarding Households:
 - a. Dignity and privacy
 - b. Participation (see Coordinated Responsibility Model)
 - c. Empower people to make informed decisions regarding their energy use and needs
 - d. Serving the most in need – balancing total number of participants, makeup of participants, and levels of service
3. Regarding Collaboration:
 - a. The responsibility to provide a safety net
 - b. Working towards the same goals
 - c. Stakeholders personal commitment and accountability
 - d. Represent our own personal perspective, the views of our stakeholder group, and the world from multiple perspectives
 - e. Actively coordinate across programs and departments
4. Regarding Policy Direction:
 - a. Creative and flexible approaches
 - b. Consistency
 - c. Balance of simplicity and fairness
 - d. Recommendations based on a sound community analysis
 - e. More strategic than operational
 - f. Timely and proactive in order to mitigate emerging problems

Means

Offerings (Products and Services)

- Energy bill payment
- Furnace repair or replacement
- Energy related crisis intervention
- Advocacy
- Outreach
- Referral
- Information
- Education
- Conservation Coordination and Collaboration
- Demonstrate effectiveness of investment

State Staff Offerings

- Oversight, monitoring and quality control
- Compliance with Federal and State requirements
- Policy
- Decision making
- Planning
- Training and Technical Support
- Stakeholder involvement and communication
- Program advocacy and information

Markets (Customers)

- Households, emphasizing low-income:
 - Families with children under age five
 - Families with members who are disabled
 - Seniors
- EAP Director and Staff
- Local Service Providers
- Policy decision makers
- Funders (e.g. HHS)
- Energy Vendors
- Mechanical Contractors
- PAC members
- Weatherization Assistance Program
- Partner organizations
- Community
- Tax payers
- Utility rate payers

Environments

Internal

Environmental Consideration	Implications
Unique and necessary role of Households, Energy Vendors, and Government (Coordinated Responsibility Model)	Particular consideration to the definition and communication of all stakeholder roles
Active pursuit of involvement and partnership by using a shared business methodology	Increased likelihood of success Increased commitment of time on the front-end for all combinations of stakeholders Devote scarce staff resources to the way we do business and invest in state staff skills and techniques
Direction: Maximize local knowledge, control and delivery of services	Contract out to local service providers State Office actively pursued feedback and adjustments
Our leadership and peers are interested in and supportive of our efforts	Understand and align needs and expectations of leadership and peers Keep leadership and peers informed
Our partners and community are interested in and supportive of our efforts	Understand and align needs and expectations of partners and community Keep partners and community informed
We have custom developed technology tools to support our business	We can directly influence what our tools do/not support – constrained to resources Increased consistency of the program – less local control

External

Environmental Consideration	Implications
In the Office of Energy Security	Primary state energy policy agency Not a social service agency – our offerings are unique in this organization
Federal LIHEAP block grant	Constraints and flexibility in how we deliver the program e.g. we determine to offer furnace repair and replacement
There are other related programs (e.g. CWR, DHS, Heat Share and Affordability Programs)	Effects public understanding,
Resource amounts and timing of the resources are out of our control	Effects availability, delivery and types of services offer at program start up and dictates end date and carryover.
Weather	Effects demand during seasonal changes and effects consumption amounts
Economy	Increase demand on program services
Fuel prices	Changes impact of benefits and need for services

Attachment 3 – FFY2013 EAP Program Audit Report

The following document is the Revised EAP Program Audit Report (PAR) template that includes onsite Service Provider Compliance Monitoring. The document is structured to Attachment 1 above EAP IC-IF.



FFY 2012 EAP Program Audit Report

<<Service Provider Name>>

(Report Date: <<Month Date>>, 201X)

To ensure compliance with the Energy Assistance Program (EAP) requirements, the Department of Commerce (DOC) conducted a program audit of <<SP Name>> on <<Date range: month date-date, year>>. The program audit helps ensure efficient and effective program delivery within the intention, direction and guidance of the statewide program by reviewing the Service Provider under contract to deliver EAP services.

Program Audit Scope

The audit examines the EAP Service Provider agency's program and fiscal controls in accordance with *EAP State Plan, EAP Policy Manual, EAP Contract, EAP Local Plan*, and generally accepted practices and federal rules for the period of October 1, 2012 through September 30, 2013. DOC uses the Internal Controls Framework (ICF) to assess organizational controls competence for EAP.

Methodology

The program audit examines Service Provider operations by utilizing eHEAT data, reports, monitoring visit tools, file review and other oversight activities to assess the Service Provider's program delivery and fiscal controls competence. These examinations are designed to measure competency based on the rules, plans and generally accepted practices guiding the program.

Conclusions

<<The program audit reports no findings or recommendations or PPA composes summary of findings and recommendations if above statement is not true and deletes this one. With reference to page number in Detailed Report for specifics >>

FFY 2013 EAP Program Audit Details

<<Service Provider Name>>

1. Service Provider EAP Identification Number: <<ID#>>
2. Program Performance Auditor: <<PPA Name>>
3. EAP Coordinator: <<SP EAP Coordinator Name>>
4. Executive Director: <<SP Executive Director>>
5. Fiscal Director: <<SP Fiscal Director>>
6. Other Relevant Staff: <<SP Other Staff>>
7. Dates of Initial Monitoring Visit: <<IMV date>>
8. Date(s) and reason of any other on-site visit(s): <<Other Visit dates and Reasons>>

Background

The *EAP Program Audit Report* details DOC's oversight of the EAP Service Provider. The DOC Program Performance Auditor compiles the information.

EAP uses an Internal Controls Framework (ICF) approach to assess program operations to ensure these objectives

1. Effectiveness and efficiency of EAP operations
2. Reliability of financial reporting, and
3. Compliance with applicable laws & regulations

To meet these objectives, the Program Audit Details covers the following five interrelated ICF components to safeguarding assets against loss or unauthorized use and attaining EAP objectives.

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information & Communication
5. Monitoring relates

The *EAP Program Audit Report* is not a financial audit of local Service Providers. Service Providers are required to have a scheduled independent financial audit. DOC fiscal division confirms this audit was conducted and reviews findings.

The following is the detailed Program Audit information prepared by the Program Performance Auditor from the DOC through observation, testing & sampling file testing, desk monitoring and other interactions with the Service Provider:

1. **Control Environment** relates to managements and employees establishment and maintenance of an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management.

Objective: The EAP Service Provider management must:

- Strive to maintain an environment promoting shared ethical values and integrity and to provide a well planned, executed, controlled and monitored framework to achieve EAP objectives.
- Provide a structure of authority, responsibility, and accountability so appropriate EAP personnel make proper decisions and take necessary actions.
- Demonstrate a commitment to EAP competence by specifying the knowledge and skills required for a job, keeping updated position descriptions, hiring qualified individuals for positions, providing employees with the training and tools necessary to accomplish their assigned job duties, including periodic performance evaluations.

Control Environment Audit Details

<<PPA Response) (Source: As needed). Requires minimal level of response to Control Area, PPA observations of the competency of the SP in this area and can include, but not limited to, overall impressions and did well >>

<<Optional Sections to be pasted where need by PPA>>

Recommendation:

- << Comments, observations or recommendations as needed>>

Finding:

<<PPA finding Statement>>

- <<PPA Finding Description>>
- <<Finding Action Requirements like response and due dates etc.>>

2. **Risk Assessment** is the management of risk by identifying priority activities within the organization for risk assessment. Risks are areas outside of the normal control activities that cannot be covered by normal operations.

Objective: The EAP Service Provider management must:

- Have a Risk Assessment and conduct mitigation activities

- Have an incident handling plan to address appeals process, complaint, error and fraud.
- Have a Disaster Plan and procedures in place to continue EAP local services in case of loss of building facilities and/or equipment due to uncontrolled circumstances like fire, theft, flood, and natural disaster.

Risk Assessment Audit Details

<<PPA Response) (Source: As needed). Requires minimal level of response to Control Area, PPA observations of the competency of the SP in this area and can include, but not limited to, overall impressions and did well Option: Service Provider <did or did not>> have a formal Risk Assessment. Service Provider <<Has or has not>> made progress in developing and implementing risk mitigation activities. (Source: *FFY2013 EAP Local Plan, IMV*) or another statement of the PPA choice>>

3. Control Activities relates to the Service Provider design and implement of the internal control policies and other control activities as appropriate to deliver the program.

Objective: The EAP Service Provider management must:

- Have a timely and effective application process
- Determine and document eligibility in an efficient manner
- Deliver timely services
- Assign separation of duties for payment and fiscal reporting
- Use generally accepted fiscal practices and have internal control policies and activities for processing fiscal transactions, reporting and oversight.

Control Activities Audit Details

For the purposes of this section the primary source of information is the household file review.

1. Application Processing:

- Service Provider <<did or did not>> achieved its target numbers for Weekly Application Certification Targets
- (WACT) which is about <<% ahead or behind>>of last year. (Source FMV).
- Applications were signed and dated
- Applications were being dated as they were received

2. Eligibility: <<PPA Response (Source: As needed)>>

- <<No or # of>> eligibility errors were identified during file review
- Tax forms <<were or were not>> properly verified for Self Employed clients
- "No Income" forms <<were or were not>> properly verified for no income households

3. Vendors: <<PPA response (Source: As needed)>>

4. Payments: <<PPA response (Source: As needed)>>

5. Refunds: <<PPA response (Source: As needed)>>

6. Crisis/EB/Assurance 16: <<The Service Provider <<did or did not>> meet the 18 or 48 hour timeline in providing assistance in emergency or life-threatening situations. The Service Provider assisted <<# of HHDs>> households with Crisis and <<did or did not>> provide all crisis households with A16 referrals via agency letter and/or direct contact. The agency had <<# of records>> activities recorded in since the start of the program year. (Source: FMV).>>

- The Service Provider Crisis files <<did or did not>> contain appropriate documentation
 - The Service Provider <<did or did not>> evaluate households properly for crisis when past due balances were received
7. **Energy Related Repair (ERR):** The Service Provider <<did or did not>> meet the 18 or 48 hour timeline in providing in emergency or life-threatening situations for furnace emergencies and <<kept or did not keep>> its average cost below average. (Source: FMV)
- ERR costs (including those for inspection) <<were or were not>> obligated when the event was initiated
 - ERR payment information <<was or was not>> entered into eHEAT and reconciled with fiscal records
 - ERR Completion Certificates <<were or were not>> in place for all replacements and repair work over \$1000
 - Completion Certificates <<were or were not>> signed appropriately as stated on certificate
 - The Service Provider << inspected or did not inspect>> an appropriate number of furnace replacements/repairs
 - The Service Provider <<did or did not>> apply the ERR Furnace Replacement Final Inspection Tool appropriately
 - The Service Provider <<did or did not>> maintain a \$2000 average.
8. **Funding and Cash:** During the visit, the Service Provider submitted two months of payroll documents. <<# of staff>> of its staff get paid from EAP administrative funds and <<# of staff>> get paid from EAP Assurance 16 funds. (Source FMV)
- The Service Provider's most recent Fiscal Audit on file at DOC is for the period <<Reported period>> (Source: DOC Fiscal)
9. **Admin/A16 Payroll Charging:** The staff <<did or did not>> use eHEAT to document time used for Assurance 16 activities. (Source: FMV)
- <<File review PPA response>>
10. **Appeals/Incidents:** The Service Provider had <<#>> formal appeals pending and <<#>> incident reports filed. (Source: FMV)
11. **Security & Data Practices** <<PPA Insert response for IMT or other Source. Minimal general observation is required (Source: As needed)>>
- The Service Provider <<had or did not have>> signed eHEAT Security Agreements on file
4. **Information & Communication** relates to communicating the internal control policies and procedures to all staff and stakeholders so they understand what is expected of them and the scope of their freedom to act in relation to program participants and partners.

Objective: The EAP Service Provider management must:

- Disseminate program information to staff, significant agency leadership and supporting partners
- Maintain effective communication tools
- Engage in activities to reach targeted populations
- Collaborate and coordinate with a wide variety of local community and social service organizations

Information & Communication Audit Details

1. **Outreach:** <<PPA response (Source: As needed)>>
2. **Reporting:** The Service Provider had <<#>> late reports. (Source: FMV)
3. **ROFW:** The Service Provider raised \$<<Dollar Amount>> in donations and provided a household file with ROFW payment records. (Source: FMV)

4. **Leveraging:** <<PPA response (Source: As needed)>>

5. **Monitoring** relates to separate evaluations of internal control, such as control self-assessments or internal procedures and performance, and ongoing management activities that are built into normal, recurring operations, including supervision.

Objective: The EAP Service Provider management must:

- Demonstrate self evaluation of performance (including WACT and 30 day)
- Conduct quality control activities including reconciling eHEAT records with fiscal records
- Monitor processes to assure segregation of duties are being followed
- Respond to any internal or external findings and/or recommendations

Monitoring Audit Details

<<PPA Response includes comments about how the SP responded to last year's findings. Address 3 specific area: 1) Responses to Last Year's EAP Monitoring findings & recommendations; 2) Response to Any findings in Agency fiscal Audit; and 3) Address finding during Vendor Monitoring>>

Comments and General Observations

<<PPA Response optional >>

The Program Performance Auditor confirms to the best of their knowledge and belief the contents of this report.

 << Program Performance Auditor Name>>, Program Performance Auditor Date
 Office of Energy Assistance Program
 Minnesota Department of Commerce
 <<PPA email>> << 651.xxx.xxxx>>

Attachment 4 – FFY2013 EAP Policy Manual, Chapter 12 - Incidents and Appeals

This chapter details how Service Providers should identify, analyze, manage and report incidents. It also details the appeals process, policies and procedures for applicants, Service Providers and the State EAP Office at various levels of an appeal.

Chapter Contents

- Incidents
- Overpayments and Recovery of EAP Funds
- Disasters and Emergencies
- Appeals

Incidents

Service Providers are required to report incidents to the DOC and must follow EAP policies and procedures when managing each stage of an event. These efforts assist in reducing risk to funds and negative impact to program operations and households. This chapter details how Service Providers identify, analyze, manage and report incidents.

Types of Incidents

Incidents are program events occurring outside of normal business activities and operations. Types of incidents include:

- Event Notifications:
 - Events including use of the Walk Away policy, subpoena or other court order requests, or an event that the

Service Provider believes rises to the level of an incident and believes the State Office should be made aware.

- Data Security and Breaches.
- Errors:
 - Unintentional misuse of program funds or unintentional mistakes in the handling and processing of application information.
 - An event that can result in accidental over or under payment to energy vendors or households.
- Waste:
 - Waste occurs as the result of resources being consumed by inefficient or non-essential activities, including systematic errors or misapplication of policy.
- Abuse:
 - Abuse occurs as the result of purposeful departure of policies and procedures where resources are improperly used.
- Events of Suspected Fraud:
 - Events including suspected or intentional deception, omission, or concealment made for personal gain, to assist or harm others and/or misuse of program funds.
- Disasters and Emergencies.

Incident Reporting

Incident reporting is a critical EAP control intended to manage and mitigate risks that could affect the integrity of the program and its stakeholders. Service Providers are required to report all incidents described in this chapter to the DOC by completing the [Incident Report Form](#) within one working day of the event or the beginning of an investigation. Reports must be submitted to eap.mail@state.mn.us. Service Providers must provide updates to the DOC as they occur.

Errors

Errors are unintentional misuse of program funds or unintentional mistakes in the handling and processing of application information. An error is considered isolated and affects one or just a few households. If an unintentional mistake affects more households follow the waste procedures below. Errors can result in accidental over or under payment to energy vendors or households. Errors may occur due to the failure of a household, Service Provider or energy vendor to:

- Report or utilize complete and accurate information.
- Understand or follow instructions.
- Enter or process household information and data correctly.
- Follow policies and procedures.

Any of these occurrences can result in incorrectly determining eligibility, benefits or services and incorrect payment to energy vendors, households and contractors. The DOC must be notified when the Service Provider believes the error(s) rises to the level of an incident that the DOC should be made aware.

Waste

Waste occurs as the result of resources being consumed by inefficient or non-essential activities. Systematic errors or misapplication of policy can cause waste of valuable resources and puts the integrity of EAP funds at risk. Service Provider or energy vendor waste can cause harm to households.

Service Providers can assist in the prevention of waste by ensuring energy vendors and Service Provider employees have been trained and understand EAP policies and procedures. Internal controls also assist in identifying errors before they become systematic waste. Waste of program funds by the Service Provider or energy vendor must be reported to the DOC.

Abuse

Abuse is the purposeful departure from policies and procedures where resources are improperly used. Abuse of resources does not necessarily indicate fraud, unless it meets the definition listed below. Abuse of program funds by the Service

Provider or energy vendor must be reported to the DOC.

Suspected Fraud

Fraud is an event of suspected intentional deception, omission, or concealment made for business or personal gain, to assist or harm others and/or to misuse program funds.

Service Providers must have internal controls and take reasonable steps to prevent fraud by households, employees, contractors and energy vendors. When EAP funds are misspent because of fraud, the Service Provider must report the incident to the DOC and take steps to recover those funds.

Preventing and Detecting Errors or Fraud

Service Providers must utilize procedures by establishing internal controls and self monitoring activities to reduce, find and correct errors that may occur during intake, verification, certification and bookkeeping activities. Where feasible, divide responsibility for application intake, data entry, verification, certification and payments. This separation between duties, verifying accuracy and other internal controls can reduce situations that would allow for potential errors and fraud to occur.

Investigation of Suspected Fraud

Service Providers must take action in the case of credible fraud allegations or other discoveries of potential fraud. A complaint is likely to be credible when the complainant identifies him/herself and describes a situation that would violate some aspect of EAP's policy. Reasons to investigate may include:

- A complaint of misuse of EAP resources.
- A credible complaint that contradicts application information affecting eligibility or benefits.
- Knowledge that a household has applied in more than one location. The Service Provider where the household applied last is in charge of the investigation.
- Public information from law enforcement activities or the news media.

When undertaking the investigation the Service Provider must:

- Report the situation by completing and submitting an Incident Report Form to the DOC and assigned EAP Program Performance Auditor via eap.mail@state.mn.us. Coordinate actions with the DOC.
- Ensure due process and protect the privacy rights of the household. If legal action commences, the privacy rights may change.
- Contact agency's fraud investigator, management and/or corporate attorney to determine next steps.
- Stop payments to the energy vendor or household and request a refund or freeze of EAP credit on the household's energy vendor account.
- Collect and verify facts and information to determine if an error or potential fraud occurred.
- Conduct follow-up interviews to obtain additional information, if necessary.
- Report the suspected fraud to the local authority handling fraud cases (district attorney, sheriff, etc.).
- Take appropriate action to safeguard public resources such as requesting repayment of EAP funds from the household.
- Track fraud cases until completion including convictions and restitution if applicable and submit all updates and conclusions to the DOC.
- Document a household's suspected fraud in the eHEAT "notes" field
- When an investigation indicates an energy vendor or contractor error or suspected fraud the Service Provider must assure that the household has access to heat.

Overpayments and Recovery of EAP Funds

A benefit fix is required when an EAP benefit changes by \$10 or greater. Service Providers must track households with unresolved overpayments. Until an overpayment process is complete, the household is not eligible to receive Crisis benefits. Follow the overpayment recovery procedures for an error, waste, abuse, or suspected fraud below:

If **error** results in overpayment of EAP funds the Service Provider must attempt to recover funds in the following order:

1. If identified immediately, work with the energy vendor to determine if the incorrect payment can be easily refunded.
2. Adjust scheduled payments, if possible.
3. Recover credit on energy vendor account, if possible.
4. Write the client to:
 - Notify them of the situation.
 - Request repayment of overpaid EAP funds not recovered.
 - Clarify the household's rights and responsibilities, hardship option, and appeals process.
 - Offer to meet with them.
 - Set up a repayment schedule including installment payments as needed ensuring that full repayment is made by September 30 of the current program year.
5. If repayment poses a hardship for the household:
 - Obtain a signed and dated declaration from the household describing the hardship.
 - Retain the declaration in the household's file.
 - Terminate recovery of EAP funds.
6. The DOC reserves the right to take additional steps.

If **waste** or **abuse** results in overpayment, the DOC will review and determine actions.

- Service Providers could be subject to repayment with non-federal funds.
- Energy vendors or contractors could be subject to repayment and determined uncooperative.
- The DOC reserves the right to take additional steps.

All cases of **suspected fraud** must be reported to proper authorities. See Investigation procedures above. The following rules guide overpayment recovery of EAP funds for instances of suspected fraud:

- Households suspected of fraud must repay funds. Recover funds in the following order:
 7. If identified immediately, work with the energy vendor to determine if incorrect payment can be easily refunded.
 8. Recover credit on energy vendor account, if possible.
 9. Write the client to:
 - Notify them of the situation.
 - Request repayment of overpaid EAP funds not recovered.
 - Clarify the household's rights and responsibilities and appeals process.
 - Offer to meet with them.
 - Set up a repayment schedule including installment payments as needed ensuring full repayment is made by September 30 of the current program year.
 10. The DOC reserves the right to deny a household suspected of fraud for the current program year and require all EAP benefits be repaid.
- Service Providers suspected of fraud are reviewed by the DOC.
 - The DOC determines actions including repayment with non-federal funds.
 - The DOC reserves the right to take additional steps
- Energy vendors or contractors suspected of fraud are reviewed by the DOC.
 - The DOC determines actions that could include repayment and the energy vendor being determined uncooperative.
 - The DOC reserves the right to take additional steps.

Overpayment Documentation

Service Providers must document overpayments when recovering EAP funds paid to a household, energy vendor or

contractor. The documentation must include:

- List of households for which an overpayment was made.
- Date the household, Service Provider, energy vendor or contractor was notified of the overpayment.
- Description of the incident and when it occurred.
- How and when the incident was discovered.
- The disposition made, i.e., amount to recover.
- Date and/or amount of any recovery or the amount of un-collectible funds.
- Corrective action to prevent similar occurrences.

All overpayments must be refunded to the DOC and should be made payable to DOC. An attached note should include:

- Household number.
- Reason for the overpayment.
- Indicate primary heat, crisis or ERR benefit.
- Service Provider ID.
- Service Provider Name.

If the recipient chooses to pay in monthly installments, the Service Provider must send the payments to the DOC as they are received. If the repayment requires a repayment plan in excess of one year, full payment is expected to be made as soon as possible.

Costs and Responsibility

Except in the case of Service Provider fraud, Service Provider recovery costs (legal action, fees, investigations, etc.) are allowable administrative expenses.

Disasters and Emergencies

Disasters and emergencies can affect the delivery of the EAP program. At both the state and local levels, the program must be able to adjust and respond to disastrous conditions. Planning before a disaster or emergency occurs is essential to address the needs of households and local agencies. The state directs Service Provider use of EAP resources in the event of a disaster or emergency.

The EAP Director defines the scope of a statewide, regional or localized disaster or emergency and uses his or her discretion to:

- Declare an EAP major disaster, local disaster or emergency.
- Declare geographic limits of the disaster or emergency.
- Determine temporary alternative EAP service delivery strategies.
- Implement long-term solutions for continued EAP service delivery.

In most cases the Director will follow state and federal disaster declarations, including the designation of geographic areas of disasters.

Service Providers must implement all directives from the State, including coordination with other agencies providing disaster relief or emergency assistance.

Definitions

- **Major Disaster:** A major disaster is a catastrophic event in any part of Minnesota the EAP Director determines has caused damage of sufficient magnitude to require a waiver of EAP policies. Examples include: tornados, storms, earthquakes, landslides, snowstorms, fire, or flood.
- **Local Disaster:** A major disaster experienced in a local area. For example, a local disaster might include a fire or tornado that destroys the EAP Service Provider's offices or results in the loss of local computer data.

- **Emergency:** An event limiting the ability of the State or Service Provider to fully perform EAP services. Emergencies may include: dramatic fuel price increases, loss of key personnel, fraud, abuse or administrative malfeasance resulting in the Service Provider's inability to provide program services.

State LIHEAP Disaster or Emergency Waiver

The EAP Director may temporarily modify or waive any state EAP procedures to alleviate potential hardship or suffering, save lives and protect property and health and safety in the event of any disaster or emergency. The Director shall modify the Minnesota State Plan for Energy Assistance and notify the U.S. Department of Health and Human Services, if needed.

Service Provider Disaster and Emergency Plans

Service Providers must develop local plan strategies for major and local disasters or emergencies.

Service Providers will:

- Identify their county's Emergency Management Office.
- Have access to or have a copy of their county's disaster plans.
- In the event of a disaster that affects EAP, contact their local Emergency Management Offices and use appropriate available resources.

Service Provider Disaster and Recovery Plan

Service Providers must develop a local disaster/emergency plan to continue program services in case of loss of local building facilities. The plan must provide for:

- Weekly backups of critical data such as client files, financial records, computer files, etc.
- An alternative site for administrative services and computer processing.
- Regular (at least weekly) storage for critical data in an off-site storage facility such as a bank vault.

Disaster and emergency planning efforts by EAP Service Providers are reviewed by Program Performance Auditors during their initial monitoring visit.

Disaster and Emergency Notification Requirements

Service Providers must inform the EAP Director of any disaster or emergency in their local area that interferes with the Service Provider's ability to operate the program. This notification must occur within 12 hours of the disaster or emergency's onset. In addition to EAP Director notification, the Service Provider must complete and submit a formal incident report regarding the disaster.

Appeals

The appeals process is designed to assure EAP applicants receive fair consideration and appropriate assistance. The appeals process is intended to resolve disputes reasonably and has four stages:

- Stage 1: Local Level Informal Complaint.
- Stage 2: Local Level Formal Appeal.
- Stage 3: DOC State Office Appeal.
- Stage 4: Office of Administrative Hearings.

This Chapter outlines the stages of an appeal and the policies, procedures, and timelines required and associated with each stage.

General Appeal Procedures

Applicants have 30 calendar days from the day they receive their notification letter to appeal decisions made regarding their energy assistance application. Applicants are informed of this right when they receive their application and again in their notification letter.

Applicants may initiate an appeal if:

- The application was denied, or
- The application received no action in the appropriate timeframe, or
- Incorrect facts or improper procedures were used to determine eligibility, assistance amounts, or services, or
- The Energy Related Repair services at the time of completion or final inspection were not adequate or were inappropriate.

The remedies available at one of the appeals process must be exhausted before an appeal can be made to the next stage. An applicant may withdraw an appeal at any time during the process with written notice.

Appeal Timelines

- Applicants have 30 calendar days from the time they receive their notification letter to submit a local level formal appeal in writing to their local Service Provider.
- Service Providers have 14 business days to respond to a written local level formal appeal.
- Applicants have 14 business days to submit a written appeal to the DOC State Office to appeal the Service Provider's local level formal appeal decision.
- The DOC has 14 business days to respond to a continued appeal at the DOC State Office stage. The 14 business days begins when all applicant file and appeal information is received by the DOC from the Service Provider.
- Applicants have 14 business days to appeal the DOC State Office appeal decision.
- The DOC has 14 business days from receipt of the applicant's appeal of the DOC State Office appeal decision to refer the appeal to the Office of Administrative Hearings.

Service Provider Procedures (Stages 1 and 2)

The Service Provider is responsible for the first two stages of the appeal process.

- Stage one is a local level informal complaint to which the Service Provider may respond verbally.
- Stage two is a written local level formal appeal.

The Service Provider must have a local written procedure for handling and responding to complaints and appeals including:

- Informing applicants how to file informal complaints and formal appeals.
- Informing applicants how the Service Provider will assist them in preparing their appeal.
- Designating an Appeals Officer who will receive and respond to appeals.
- A description of the internal Service Provider informal complaint and formal appeal review process.
- Informing applicants about the Service Provider formal appeal process and notifying the applicant that the process may take 14 business days.

Stage 1: Local Level Informal Complaint

Applicants may initiate informal complaints verbally by phone, in person or in writing by letter or e-mail. Complaints may address any aspect of the EAP program or local EAP Service Provider. Service Providers must discern or otherwise verify whether written correspondence is a question, complaint or a formal appeal. The first response to a complaint may be verbal, if this satisfies the applicant. In most instances an applicant is requesting an explanation regarding income, eligibility or benefit determination. Some complaints may not be appropriate for the EAP appeals process and may be addressed by the Service Provider's local procedures.

Stage 2: Local Level Formal Appeal

Local level formal appeals may be initiated in writing or by telephone, but it must be in writing before the Service Provider takes action. Service Providers must assist the applicant in advancing a verbal appeal to a written appeal if needed. Applicants have 30 calendar days once they receive their notification letter to file a written local level formal appeal.

When a local level formal appeal is received, Service Providers must

- Maintain documentation of events relating to the appeal, including records of telephone calls, e-mails, correspondence, envelopes for postmark and received stamps, etc.
- Assure the records are complete and all documents are present.
- Review the issue and assess the facts in relation to EAP policies.
- Respond in writing within 14 business days of receipt of a local level formal appeal.
 - Cite the State policies relevant to the appeal decision.
 - State the appeal decision and how the issue will be resolved, if applicable.
 - Include information on how to appeal to the next stage and provide the address of the DOC/Energy Assistance Program, and the name and telephone number of the EAP Coordinator.
 - Send the response using certified mail "Return Receipt Requested."
- Implement the decision as needed.

Local Level Formal Appeal Tracking

Service Providers are required to maintain information on local level appeals using the [Appendix 12B - Local Level Formal Appeals – Required Tracking Sheet](#). This spreadsheet must be used to track all local level formal appeals and updates as they occur. The DOC may request this information at any time.

Stage 3: DOC State Office Appeal Procedures

An appeal to the DOC State Office is the third stage in the appeals process. If the applicant is not satisfied with the Service Provider's determination, they may submit a written appeal to the DOC State Office. The applicant's appeal must be submitted within 14 business days of receiving the Service Provider's local level formal appeal decision.

When the DOC State Office receives an appeal the DOC will:

- Notify the Service Provider and the Service Provider's DOC Program Performance Auditor that an appeal has been received.
- Ask the Service Provider to forward copies of all applicable documents, either by **hand delivery or mailing to the DOC**, including, but not limited to:
 - Copy of EAP Application.
 - Copies of income and eligibility documentation
 - Mechanical system audit, if applicable.
 - Energy audit, if applicable.
 - Copies of all pertinent appeal correspondence between the applicant and Service Provider
 - Documentation of the Service Provider's investigative process.
 - A copy of the Service Provider's appeal decision.

After receipt of the requested documents from the Service Provider, the DOC will:

- Review the details relevant to the appeal.
- Check compliance with the state energy assistance program plan, policies, procedures and statutes.
- Respond in writing to the applicant within 14 business days of receipt of all appeal documents.
 - A summary of local level Service Provider actions.
 - Cite the State policies relevant to the appeal.
 - State the appeal decision and how the issue will be resolved, if applicable.
 - Include information on how to request the next stage of the appeal process.
 - Send the response using certified mail "Return Receipt Requested."

Stage 4: Office of Administrative Hearings

If the applicant is not satisfied with the DOC State Office appeal decision, they may write to the Director of Energy Assistance Programs to request an appeal to the Office of Administrative Hearings (OAH). This is the fourth stage in the EAP appeals process.

Once the DOC State Office receives a request for an OAH appeal, the DOC will:

- Arrange a hearing date that allows the applicant enough time to receive notice of the hearing.
- Prepare the DOC's testimony.
- Send a copy of the application file to the applicant.

OAH Hearing Procedures

The Office of Administrative Hearings conducts hearings when a state or local law provides the right to challenge a government action through an administrative hearing. The services provided by the OAH are an important part of the state's guarantee of "due process of law."

Information regarding the Office of Administrative Hearings procedures and the Administrative Procedures Act can be found at: <http://mn.gov/oah/administrative-law/>

The Administrative Law Judge issues a recommendation to the DOC Commissioner after the hearing is completed. The DOC Commissioner considers the recommendation and issues a final decision. This action concludes the final stage in the EAP appeals process. The Commissioner's final decision may be challenged according to the Administrative Procedures Act in Minnesota Statutes.

Restitution to the Complainant

If in the course of investigation of an appeal the DOC learns a Service Provider did not follow established procedures, the Service Provider may be required to provide restitution to the complainant from nonfederal funds.

Attachment 5

excerpt from *FFY2013 EAP Policy Manual, Chapter 13 – Data Practices and Records*

Data Practices and Records

Chapter Contents

Collection, Maintenance and Dissemination of Private Data
 Application Documentation
 Sharing EAP Private Data

Data Practices Effort Definition

Identity theft has heightened awareness of the dangers of providing personal information. Yet to receive EAP benefits, applicants must submit private information. In recognition of its need for private information about citizens, government has responded with laws like the Minnesota Government Data Practices Act (MGDPA), under Minn. Stat. §13. The MGDPA regulates the collection, creation, storage, maintenance, dissemination, and access to data submitted to and maintained by a state agency or political subdivision.

Third parties under contract with a government agency must also follow the MGDPA. Government entities may contract with private parties to fulfill government functions (Minn. Stat §13.05, subd. 11). In that capacity, a private party will likely create, collect, receive, store, use, maintain or disseminate government data. If a government entity contracts with a private contractor, all of the government data are subject to the classifications in the MGDPA and other state and federal laws.

Federal and state data practices requirements include several regarding the use, storage and retention of records. The

MGDPA restricts unnecessary access to household information supplied in the application process. It requires program records be secure and maintained in an accessible form, but limiting access to information in household files to members of the household and to Service Provider, state and federal staffs who may need to review them as part of their job duties. It also requires holders of the data to assist applicants when they seek information about their household file.

Values: We value --

Protecting vulnerable citizens.
Protecting individuals' right to privacy and dignity.
Providing the best possible service to participants.

Intentions: To --

Follow laws regulating the use of private data about applicants.
Be extremely protective with private data.
Deliver the program efficiently.
Provide the same levels of protections for all types of data requests.
Gather only the information we need to efficiently and effectively deliver the program.
Balance the needs to share data to better serve participants and to protect the privacy and dignity of the individual.
Be clear about DOC practices for sharing information.

Focus:

Limit staff access to private data to those who need it to do their jobs.
Train staff with access to private data about their responsibilities under MGDPA.
Prescribe and maintain practices to keep private data secure.
Develop and disseminate clear information about data sharing practices.
Maintain accessibility to data, as required by MGDPA, Office of Management and Budget (OMB) and other relevant state and federal laws, rules and regulations.
Strictly follow MGDPA requirements for providing private data to the data subject and third parties.
Retain records as required by EAP and OMB Circulars.

Context

Data practices are strictly regulated by state and federal laws, rules and regulations, including the Minnesota Government Data Practices Act (MGDPA), Minn. Stat. Ch. 13.
The Information Policy Analysis Division (IPAD) of the Minnesota Department of Administration is responsible for interpreting data practices statutes and regulations and issuing opinions about data practices issues.
For EAP, consent to release private data expires on the last day (September 30) of the federal fiscal year in which consent was given.

Collection, Maintenance and Dissemination of Private Data

Collection, storage, use and release of the information must be limited to what is necessary for the administration and management of the program. The information may not be released except as permitted by the MGDPA.

Minnesota Statutes (Minn. Stat.) §216C.266 says, "Data on individuals collected, maintained, or created because an individual applies for benefits or services provided by the Energy Assistance and Weatherization programs is private data on individuals and must not be disseminated except pursuant to section 13.05, subdivisions 3 and 4." Information about a data subject may only be released to a third party if the data subject consents to the release or disclosure of the information by submitting a signed [Informed Consent to Release Private Data](#).

E-Mail Data Privacy

To maintain data privacy on e-mails:
Use only household numbers for identification when possible, including any reference in the subject line or

attachments.

Use secure e-mail practices when private household data is included.

Use secure e-mail practices to send new energy vendor information containing Tax IDs or Social Security Numbers. Remind energy vendors to use only household numbers when communicating via e-mail about a customer. Contact DOC for help if an energy vendor does not cooperate with data privacy requirements, as required by the energy vendor agreement.

Social Security Number for LIHEAP and WAP Applications

Social Security Numbers (SSNs) are used in the administration of EAP and WAP and to assure that only eligible applicants and their household members receive allowable benefits. Federal law allows states to require applicants to disclose their SSN to prevent, detect, and correct fraud and abuse. (See [Chapter 5 - Program Eligibility Requirements](#) for details on the U.S. HHS Information Memorandum (IM) [Transmittal No. LIHEAP-IM-2010-6](#) documenting this change.)

SSNs are classified as private data under Minn. Stat. §13.355 and must not be disclosed to anyone other than the person to whom the SSN applies, unless the person consents to its release or disclosure.

Note: Minn. Stat. §13.355 prohibits a government entity from mailing or delivering an item that displays the SSN on the outside of the item or in any manner where the SSN is visible without opening the item.

Safe at Home (SAH) Participant SSN

Participants in the state's Safe at Home (SAH) program are the only exception to the policy requiring primary household applicants to provide a verifiable SSN for the household to be eligible for EAP. Service Providers should **neither require nor request** the SSN for SAH participants. Service Providers should use a bogus SSN in the format: SAH-XX-XXXX for SAH participants. If the computer indicates that the bogus SSN is already in the system, change the number but always use "SAH" for the first three digits. See [Chapter 4 – Applications & Application Processing](#) for an explanation of the SAH program.

Responsibility for Data Privacy

Individuals with access to private data must be aware of their responsibilities under the MGDPA. A best practice is to document regular training on data practices to each staff with access to applications or household information.

The website <http://www.ipad.state.mn.us/> is designed to help understand the MGDPA. Included are explanations, summaries or specific guidance about:

Who must comply with this law and what they must do

How the law controls the collection, use and release of data by government offices and contractors

How data are classified and what the classifications mean

What rights you have to see and have copies of public government data

What fees government offices may charge for providing copies of data they keep

What rights you have if a government office keeps data about you

How to challenge the accuracy and completeness of government data about you

Application Documentation

Collecting, creating and maintaining data about individuals and households is a necessary outcome of the Energy Programs' processes for application, eligibility determination and benefit and services provision. Information can be collected, created, and maintained using manual or electronic means. Whatever method is used, information must be accessible for the purposes of program administration, evaluation research and as requested by the data subject.

eHEAT is one source of electronic files. eHEAT software is an on-line database incorporating most of the business practices needed to operate EAP, especially collecting, creating and maintaining data about individuals and households and providing eligibility and household information for WAP and CIP.

Electronic files include but are not limited to:

eHEAT files accessible using the household number, a unique identification number assigned by eHEAT to each applicant household.

Scanned electronic copies of hard (paper) documents.

Electronic documents created using entered or downloaded private information about an applicant or household, (e.g. the [Reasonable Payment Worksheet](#)) and maintained in a Service Provider network, computer directories or electronic storage media (e.g. flash drive, CD).

E-mail messages.

Documents that must be in the household's hard copy (paper) file or easily identified and accessed electronic file include:

A copy of any correspondence with or regarding the applicant not documented by eHEAT.

Documentation of research and responses to a question, complaint or appeal.

A signed signature page from the application (or, rarely, a copy).

The application.

Documentation of income.

Income calculations not completed in eHEAT.

Case notes if they are not kept on eHEAT.

Pertinent program forms, such as ERR documentation.

eHEAT will document the following for each household by household identification number:

Application information, including income calculations.

Completed household application summary.

Home heating energy information collected from energy vendors.

Case notes.

Payments.

All EAP records about an individual or household are private data. Hard and electronic copies of the application and the application summary on eHEAT are private data.

Security of Records

As a recipient and custodian of applicants' private data, Service Providers must develop local procedures that keep household records secure. Many of these procedures are required in the Local Plan. Service Providers' procedures must:

Only allow access to private data to those who are authorized by law or by written permission from the applicant (see "Informed Consent for Release of Information" below).

Ensure eHEAT administrator transitions are handled in a timely manner according to the procedures outlined in [Chapter 14 - Communication, Information and Reports](#).

Use strong passwords to gain access to all electronic documents containing private data.

Ensure that e-mails do **not** contain private information, or, if they must, have an acceptable process for encrypting them. **Note: Household numbers are not private information. Names and addresses and other identifying information are private.**

Implement policies establishing security and business need requirements for the transportation of private data on laptops, electronic storage media, paper, etc. (for example, require encryption of electronic data on laptops, mobile devices, and flash drives; require strong passwords on laptops and mobile devices).

Wireless networks must be secure and require strong passwords.

Ensure that duplicate, secure records back up electronic records maintained by the Service Provider. Duplicate eHEAT records are maintained by the state of Minnesota.

Ensure that duplicate, secure records back up financial data records.

Ensure that statistical reports, annual reports, or other data compiled, produced or published by the Service Provider or any representative of the Service Provider do not reveal or connect any applicant's private data to any public

information.

Records Accessibility

Retain records in an accessible form, as described below. Records retained on electronic media must remain accessible after any changes in computer hardware or software:

A household must be able to access and use information in their file as allowed by the MGDPA (see "Requesting Release of Information to the Data Subject" later in this chapter).

The Service Provider must be able to access and use records for reporting requirements.

State or federal staff must be able to access and use records for monitoring or audits.

Record Retention Requirements

Energy Programs records must be maintained for at least six years after the program has been closed out and audited, per [Minn. Stat. § 16C.05, subd. 5](#). Upon written notice from the state or federal agency, retain records for the period of time stated in the written notice. Should a Service Provider be required to keep these records for a longer period of time, the DOC will send written notice to do so.

Requirements allow flexibility in the way Service Providers retain these records. Retain records related to:
Contracts.

The complete household files.

Administrative action on an application such as records of complaints or administrative hearings, and/or Service Provider actions to resolve issues.

Procurement records detailing the history of procurement with all energy program funds.

Monitoring letters and resolution documents.

Audit records, work reports, financial records, supporting documents and all other records pertinent to the Service Provider's agreement with the state energy programs.

A dispute, complaint, investigation or litigation for six years after the action is resolved.

Destruction of Records

When disposing of records containing private data, the records must be destroyed in a way that prevents their contents from being determined, under Minn. Stat. §138.17.

Providing information Allowed by the Privacy Notice

The Privacy Notice in the *Privacy Notice and Your Rights and Responsibilities* document attached to the application describes who may use private data about individuals collected, created or maintained from the EAP application and program processes for EAP administration, research and evaluation.

Service Provider and energy vendor staffs have access to private EAP data they need to carry out job responsibilities for EAP administration, research and evaluation. eHEAT and its security administrators manage distribution and control of private data to the following authorized persons:

Service Provider staff and auditors.

DOC EAP and WAP staff.

Energy vendor staff providing heating fuel or electricity to at least one EAP applicant.

Staff of agents who act on the behalf of energy vendors to provide call center or direct shut off/reconnection services to EAP households for energy vendors.

Energy vendor staff operating MN Public Utilities Commission approved affordability programs.

Staff of the following organizations may also have access to private EAP data application if: (i) they need access to the application information to do their jobs in connection with the Energy Programs (EAP, WAP, and CIP), or (ii) they are otherwise authorized by federal or state law to receive it:

Program auditors as required or permitted by OMB circulars.

Minnesota Departments of Administration, Commerce, Employment and Economic Development, Human Services,

Revenue and MN.IT Services (formerly the MN Office of Enterprise Technology).
United States Departments of Health and Human Services and Energy.
Minnesota Public Utilities Commission.
Minnesota Legislative Auditor.
Persons so authorized pursuant to court order or subpoena.
Minnesota Community Action Partnership.
United States Social Security Administration.
Other agencies or entities as allowed by federal or state law.

Private data on an individual or household may be released to federal and state law enforcement agencies pursuant to a court order (Minn. Stat. §13.462). Please submit an *Incident Report* to your DOC Program Performance Auditor upon receipt of a court order to provide private data.

Sharing EAP Private Data

Protecting private data is a primary EAP responsibility. It is important that all users of private data from eHEAT (such as energy vendors, WAP program staff and contractors hired to provide ERR and WAP services) have access only to the data necessary to provide their services to EAP households.

Sharing Private Data with Energy Vendors

EAP data provided to energy vendors are limited to information necessary to obtain energy vendor account and consumption information and to allow energy vendors to apply EAP benefits to customer accounts. The household data required are available to energy vendors through the energy vendor's access to eHEAT. The information is needed to verify the household's EAP eligibility and the amount to apply to the household's or the household landlord's account.

To illustrate, EAP collects data on household income and household size, but these data are not required to apply EAP payments to customer accounts. Therefore, these data are not to be provided to the energy vendor, with the exception that EAP allows energy vendor employees working with affordability programs to request additional EAP private data if the household has agreed to participate in an affordability program.

The energy vendor must obtain an [Informed Consent for Release of Data](#) signed by the household before requesting EAP household data for any other use or program.

Additional information is available in [Chapter 4 - Application and Application Processing](#).

Sharing Private Data for Delivery of ERR Services

Understanding data practices requires knowledge of the roles and responsibilities of managing access to data to ensure compliance with legal requirements. Sharing private data with WAP staff and contractors providing ERR services for EAP households requires both EAP and WAP programs to be responsible for protecting private data. Although EAP and WAP are separate programs, the linkage of those programs creates common data security challenges. The following provide context for understanding data privacy:

The MGDPA states that private data includes "the data collected, created, received, maintained or disseminated by any government entity."

ERR participants (auditors, inspectors, heating contractors, etc.) must be informed of data privacy requirements and provided with only the household data needed to deliver services and do their jobs

Both EAP and WAP eHEAT users may export household data from eHEAT only for specific business uses.

eHEAT system security is designed for the local eHEAT Administrator(s) to assign authorized users to perform only the tasks and processes necessary to deliver services and perform assigned duties.

Roles and Responsibilities

Service Providers must ensure electronic and physical records of private data can only be accessed by staff assigned to use the data. Limiting staff access to only data necessary for their job assignments is accomplished partly by limiting

their eHEAT functions. Service Provider must have any staff member using eHEAT complete and sign the [Energy Programs Service Provider eHEAT User Security Agreement](#) (Appendix 13D) **to ensure their understanding of data practices**. The Service Provider Security Administrator is responsible to manage Service Provider users and must sign an [Energy Programs Service Provider eHEAT Administrator Security Agreement](#) (Appendix 13C) annually as part of the Service Provider's Local Plan.

The Service Provider Security Administrator's authorization includes:

- Creating new users for the Service Provider
- Editing existing users as duties change
- Resetting password for the users as needed
- Disabling eHEAT administrators and users:

Immediately upon permanently leaving a position requiring eHEAT access.

Immediately upon administrative leave or suspension.

Immediately when no longer employed by the Service Provider or program.

If on other leave, laid off, on an extended vacation, or reassigned to non-EAP duties for 30 days or longer.

- Re-enabling users when they return to work.
- Creating new roles that combine functions in eHEAT for staff positions.
- Assuring the private data provided by eHEAT functions to workers is appropriate for their job and responsibilities.
- Editing existing roles as new functions are assigned or no longer performed.
- Deleting existing roles.

Note: Failure to disable eHEAT access as required is a violation of data security policy and will result in an EAP compliance finding.

The MGDPA requires access to household private data be limited to those who need the data to do their jobs. The MGDPA, under Minn. Stat. §13.055, subd.1. (d) states: "*Unauthorized Person* means any person accessing government data without permission or without a work assignment that reasonably requires the person to have access to the data." To ensure compliance with the MGDPA, restrictions on accessing private household data for EAP must include, but are not limited to:

Limiting electronic access to data on Service Provider networks and computers.

Protecting private data sent via email by using encryption or secure email.

Securing household files to prevent:

Access by the public.

Employees, contractors and volunteers from accessing data they do not need to do their jobs.

Cleaning and janitorial worker's access.

Removing summary data that can identify a household.

Preventing conversations with households and staff from being overheard by others.

These restrictions not only protect the households, but protect the Service Provider, the program, and the worker from the liability assigned by the law. Be vigilant to avoid any breach in security or inadvertent disclosure of private data. If a breach in security or inadvertent disclosure of private data is discovered, the Service Provider must notify the DOC immediately.

Penalty for Violations of the MGDPA

Government entities and their contractors may be subject to penalties when violations of the MGDPA occur. Minn. Stat. §13.08 states: "a responsible authority or government entity which violates any provision of this chapter is liable to a person or representative of a decedent who suffers any damage as a result of the violation, and the person damaged or a representative in the case of private data on decedents...may bring an action against the responsible authority or government entity to cover any damages sustained, plus costs and reasonable attorney fees. In the case of a willful violation, the government entity shall, in addition, be liable to exemplary damages of not less than \$1,000, nor

more than \$15,000 for each violation.”

“Application Consent” to request information

A signed application gives consent to Service Provider staff to request and receive the following information for the purposes stated:

Data about the household’s energy account and energy use from the household’s energy vendors for determining eligibility for benefits and benefit amounts.

Data concerning public benefits received by household members within the last year from the Minnesota Department of Human Services and its agencies for determining eligibility for benefits.

Data concerning public benefits received by household members within the last year from the Social Security Administration for determining eligibility for benefits.

Verification of income from household members’ employers for determining eligibility for benefits.

Confirmation of household residency and heat source from the household’s landlord for determining eligibility for benefits and benefit amounts

If the applicant names an Authorized Representative, the signed application also gives consent for DOC and Service Provider program staff to provide and receive information from the Authorized Representative on behalf of the applicant.

Services Providers must have procedures in place to ensure requests for information allowed by the application consent are well-documented and handled in a consistent manner. Best practice is for the local procedures to include a form for requesting information by letter or e-mail and a format for documenting a request by telephone. Security procedures for e-mails containing private information must be in place.

Requesting Release of Information to the Data Subject

Original application information is maintained by the Service Provider. A data subject may ask and be told whether a Service Provider has stored data about him or her, what data is stored and whether it is classified as public, private or confidential. EAP data on individuals is always private, see [Minn. Stat. §216C.266](#). Requests by the data subject to view or obtain a copy of his/her private data or a list of private data maintained about him/her should be directed to the local Service Provider.

The data subject may request information about the status of the application over the telephone. The data subject may see or obtain a copy of accurate, current and complete data without any charge and, if desired, be informed of the meaning of the data. Viewing the data should happen during regular office hours. Viewing should occur immediately, if possible, but must happen within 10 business days of the request.

The data subject need not provide a reason for requesting the data. The Service Provider may ask the reason in order to clarify the data the requestor wishes to see or obtain.

Service Providers must take great care to ensure data is released only to the subject of the data. Efforts should include: Confirming the identity of the data requester.

Mailing copies of data by certified and restricted delivery mail to the data subject at his/her address.

Service Providers must also maintain documentation of all private data releases:

For phone requests, maintain a log or put a note in the file.

Get the viewer’s signature on a list of data viewed or picked up.

Maintain a list of data mailed and copies of the certified mail receipt, record of delivery and signature confirmation.

The section “Handling Data Requests,” at the end of this chapter, contains specific, step-by-step procedures for releasing data to the data subject.

A copy of the data must be provided within 10 business days of the request. The copy must be provided using the

format (electronic or paper copy) requested, if the data is available in the requested format. For example, if the data subject requests a paper copy of data stored electronically, the data can easily be printed. If the data subject requests an electronic copy of data available only on paper, it cannot easily be transferred and may be made available on paper.

Informed Consent for Release of Information

Applicants sign the EAP application to authorize use of their private data to provide EAP services. New uses of the data require a new authorization from the data subject.

Informed consent is necessary when data will be released to a “third party.” A third party is an individual or organization not included in the Privacy Notice in the *Privacy Notice and Your Rights and Responsibilities* document or in the Application Consent of the *Energy Programs Application*, Part 1, Authorized Representative, and Part 6, Consent and Signature. Informed consent is also necessary before the organization or Service Provider that collected or created the private data can use it for a purpose not included in the Privacy Notice or Application Consent.

“Informed consent” means the data subject knows and understands the new uses of the data and the consequences of allowing the data requester to use the data in the new way(s). This requires the data subject to possess and exercise sufficient mental capacity to make an informed decision.

Requesting Release of Information to a Third Party

A data subject may request the release of private data about him or her to a third party using the [Informed Consent to Release Private Data](#) form (*Informed Consent*). The *Informed Consent* form is a written agreement signed by the data subject authorizing the holder of the data to release that data about him or her to a designated non-EAP entity. *Informed Consent* is needed so DOC and Service Providers can verify what specific private data to release and what private data to protect. DOC and Service Providers will release private data only as the signed *Informed Consent* authorizes.

Generally, completed and signed *Informed Consent* forms should be submitted to the local Service Provider. Please contact your DOC Program Performance Auditor if you receive a large number of *Informed Consent* forms with information released to the same third party.

Content of Informed Consent Request Form

An *Informed Consent* form must include all of the following characteristics to meet the requirements of Minn. Stat. §13.05, subd. 4:

Be written in plain language.

Be dated.

Designate the particular agencies or person who will get the information.

Specify the information to be released.

Indicate the specific agencies or person who will release the information.

Specify how the information will be used immediately and in the future.

Contain a reasonable expiration date of no more than one year.

DOC requests this additional information to identify the requestor:

The printed or typed name, social security number (if provided on the Energy Programs application) and birth date of the data subject so the information provided is the requestor’s private data.

Notarized signature of the data subject or picture identification presented at the time of request to verify the data requestor’s identity.

Entities should assume both parents have access rights to data about a minor child and authority to sign consents for the minor, even if the parents are divorced or separated, unless the Service Provider is provided with court documents specifying otherwise. If parental rights are terminated, access and consent rights are also terminated.

DOC will accept requests only on the [Informed Consent to Release Private Data](#) form. Service Providers may develop

variations on the prescribed form and may, at their discretion, accept requests in other forms as long as the request meets the requirements of Minn. Stat. §13.05, subd. 4.

The [Debtor's Exemption Claim Notice](#) is a type of Informed Consent form. Minn. Stat. §13.05, subd. 4 prescribes the content of the form and is consistent with the required content of the [Informed Consent to Release Private Data form](#), as long as it is on the letterhead or otherwise names the third party recipient of the information.

When a Signed Consent Form Is Not Required

To disseminate information for purposes previously communicated to the individual on the Privacy Notice or the Application Consent.

When federal or state laws permit data dissemination after the Privacy Notice has been given.

When the Commissioner of Administration, upon application, approves a new use or dissemination of the data.

Revocation of Release Form

The individual may revoke the consent to release private data at any time by writing to the local Service Provider or DOC, whichever received the original *Informed Consent*. The revocation goes into effect on the date it is received by the local Service Provider or DOC. It will not affect information released prior to receipt of the revocation.

Handling Data Requests

Local Service Providers must take special care to appropriately respond to requests for information and *Informed Consent* forms.

Requests for Information by Data Subjects

Following are the steps to respond appropriately to a request for information from a data subject.

11. The first step in responding to a request for information is to:

Document date of request.

Verify the request is for private data.

Confirm availability of data.

12. Next, confirm the request is for release of data to the data subject.

Verify identity of data subject/requestor. Acceptable confirmations of identity include:

Birth date and last four digits of the requestor's social security number (for phone requests).

A notarized signature.

Picture identification presented at the time of the request.

13. Respond appropriately to the request by:

Preparing and redacting data, as necessary. Only private data about the requestor may be released to the requestor.

The application itself may need to be redacted if it contains private data about others. In this case, to redact means to remove or black-out private data to ensure release of only data consented to by the data subject.

Fulfilling the request within 10 business days.

Making data available for viewing by data subject at the office during office hours immediately, if possible, but no later than 10 business days after the request.

Sending a copy of the data to the data subject by certified and restricted delivery mail; e-mailing the encrypted data to the data subject's e-mail address, or arranging for the data subject to pick it up.

14. Throughout the process, document the release of data.

For phone requests, maintain a log or put a note in the household file.

Prepare a dated list of data the requester sees or receives.

Get viewer's signature on a dated list of data the requester sees or picks up.

Collect copies of the certified mail receipt, record of delivery and signature confirmation and file with the dated list of mailed data.

Maintain file of e-mail and included data.

Informed Consent Release Requests for Information to a Third Party

Following are the steps to respond appropriately upon receipt of a signed [Informed Consent to Release Private Data](#).

15. The first step in responding to a request for information is to:

Document date of request.

Verify the request is for private data.

Confirm availability of data.

16. Confirm the request is for release of private data to a third party.

17. Confirm the [Informed Consent to Release Private Data](#) is complete and signed by the data subject.

18. Verify the identity of data subject/requestor. Acceptable confirmations of identify include:

A notarized signature.

Picture identification presented at the time of the request.

19. Respond appropriately to the request by:

Preparing and redacting data, as necessary. Only private data about the requestor may be released to the third party.

The application itself may need to be redacted if it contains private data about others. In this case, to redact means to remove or black-out private data to ensure release of only data consented to by the data subject.

Fulfilling the request immediately, if possible, but no later than 10 business days by certified mail, pickup or e-mail.

Verifying the identity of the third party data recipient using picture identification presented when the information is picked up, mailing the information by certified mail to the third party's address, with restricted delivery mail if the data is released to an individual; or e-mailing the encrypted data to the third party's official e-mail address.

20. Throughout the process, document the release of data:

Prepare a dated list of data the third party receives.

Get third party's signature on dated list, if picked up.

Collect copies of the certified mail receipt, record of delivery and signature confirmation and file with the dated list of mailed data.

Maintain file of e-mail and included data.

Maintain all signed [Informed Consent to Release Private Data](#) forms.

Attachment 6 – Minnesota EAP Vendor Controls



Overview

The follow describes the internal controls for the business interactions between the Minnesota Energy Assistance Program (EAP) and the energy vendor who receive payments on behalf of eligible households. The controls are intended to:

- Assure DOC's efficient and effective management of vendor's EAP participation and information
- Reduce risks and enhance ability to investigate incidents

Background

EAP energy vendor's provide energy cost information, apply payments, work with EAP Service Providers and households in emergency situations and refer customers to the program. Vendors establish agreements with Service Providers, develop communication processes and use the web-based eHEAT system to perform these functions. The rules are guided by the Low Income Household Energy Assistance Program (LIHEAP) law, the *EAP Policy Manual*, and related state regulations.

eHEAT centralizes program activity Vendors use eHEAT to supply consumption information, view or download payment information, verify customer's program participation and initiate refunds. A vendor registers for eHEAT and to receive payment through the Service Provider.

Initiating Vendors and Payment Process Control Activities

Vendors receive EAP payments authorized by Service Providers on behalf of eligible households initiated in eHEAT. The payments are processed through the MMB by Electronic Fund Transfer (EFT) to the vendor bank account or mailed as a warrant. Vendors credit EAP payments to the designated account. When a payment is sent, the household and the vendor receive notification with payment detail for validation.

Vendors are identified by households on the application and submit a copy of a bill. Vendors must be registered in eHEAT to receive an EAP payment. The Service Provider contacts the energy vendor to validate and register the vendor. A vendor submits a registration form to the Service Provider who submits the vendor's registration to the State EAP office at the DOC.

Payments are processed through a separate state department called Minnesota Management & Budget (MMB) who operate the state accounting and procurement system. The vendor must also register with MMB. MMB validates vendor duplication on key information and does an annual purge of active vendors. DOC also reviews vendors each summer.

Vendors must only apply payments to the accounts designated by EAP. Payments may only be used for home heating costs, as required by federal law. EAP payments cannot be used to pay for other items such as service contracts, water, sewer, garbage or other merchandise. Vendor EAP payment records must match the Service Provider's payment records. Charges against credits must be verifiable by the Service Provider through monitoring. Vendors must refund unused EAP payments back to the program if the household discontinues as a customer or at the request of the Service Provider. Vendors enter the amount of the refund into eHEAT. eHEAT reconciles the refund by deducting the refund amount from a subsequent payments. A vendor suspecting a household received assistance in error must report the error to the Service Provider. If the Service Provider determines a payment was made in error the vendor initiates a refund in eHEAT.

The *Agreement Between Vendor and Service Provider* specifies the requirements to receive EAP payments to a vendor's customer accounts. Signing the agreement establishes formal expectations for both parties. The agreement details the roles of the program and energy vendor including applying payments, communication, eHEAT security administration, data practices and agreement to follow the policies outline in the *EAP Policy Manual*. An agreement must be signed by each vendor for each Service Provider.

Vendor registration information includes legal Business Name, Name Doing Business As, Business Address, Business Phone, Contact Person, Federal Tax Number, State Identification Number. For Partnerships or Individual the SSN and Minnesota Management & Budget (MMB) Vendor ID Number if already an approved MMB Vendor.

Service Providers are required to monitor vendors to ensure program quality and integrity. EAP vendors are bound by the requirements of the LIHEAP Act and the *Vendor Agreement*. Monitoring ensures cost and consumption information provided by the vendor was accurate and true and payments were appropriately applied. Vendors must allow the Service Provider and DOC access to their records for compliance monitoring. Monitoring includes verifying transactions between the vendor

and the Service Provider. Including but not limited to cost information, application of payments to household accounts, billing to eligible households, providing equal services to EAP eligible households, and any or all other activities agreed to in the *Vendor Agreement*.

Control Activities Summary:

- Vendors are identified by the households on the application with a copy of a bill
- Vendors enter into agreements with each EAP Service Provider
- Vendor register with the DOC and are entered into eHEAT system
- Vendor register with MMB and are entered into accounting and procurement system. MMB validates duplications and back accounts for EFT
- When a payment is made to a vendor the household and vendor receives notification and transaction details
- Service Providers conduct annual vendor monitoring and sample files and payment records

- DOC does annual review of eHEAT vendor files for activity
- MMB does annual data review and purge

Attachment 7 – Audit Requirements

Service Provider Name	Audited Period Ending	Audit Report Submission Due Date
Anoka County Community Action Programs	Dec 31	Sept 30
Arrowhead Economic Opportunity Agency, Inc.	June 30	March 31
Bi-County Community Action Program, Inc.	Sept 30	June 30
Bois Forte Reservation Tribal Council	Sept 30	June 30
Brown County Family Services	Dec 31	Sept 30
Clearwater County Department of Human Service	Dec 31	Sept 30
Community Action Partnership for Suburban Hennepin, Inc.	Dec 31	Sept 30
Community Action of Minneapolis	June 30	March 31
Community Action Partnership of Ramsey & Wash. Counties	Sept 30	June 30
Fond du Lac Reservation	Sept 30	June 30
Heartland Community Action Agency, Inc.	Dec 31	Sept 30
Inter-County Community Council, Inc.	Sept 30	June 30
KOOTASCA Community Action, Inc.	Dec 31	June 30
Lakes and Pines Community Action Council, Inc.	Sept 30	June 30
Leech Lake Reservation Tribal Council	June 30	March 31
Lutheran Social Services of Minnesota (Brainerd)	Sept 30	June 30
Mahube Community Council, Inc.	Sept 30	June 30
Mille Lacs Band of Ojibwe Indians	Sept 30	June 30
Minnesota Valley Action Council, Inc.	March 31	Dec 31
Northwest Community Action, Inc.	August 31	May 31
Olmsted County Community Services	Dec 31	Sept 30
Otter Tail-Wadena Community Action Council, Inc.	Sept 30	June 30
Prairie Five Community Action Council, Inc.	Dec 31	Sept 30
Red Lake Band of Chippewa Indians	Dec 31	Sept 30
Renville County Human Services	Dec 31	Sept 30
Scott-Carver-Dakota CAP Agency, Inc.	Sept 30	June 30
SEMCAC	Sept 30	June 30
Southwestern Minnesota Opportunity Council, Inc.	Dec 31	Sept 30
Three Rivers Community Action, Inc.	Sept 30	June 30
Todd County Social Services	Dec 31	Sept 30
Tri-County Action Programs, Inc.	Sept 30	June 30
Tri-Valley Opportunity Council, Inc.	Dec 31	Sept 30
West Central Minnesota Communities Action, Inc.	Sept 30	June 30
Western Community Action, Inc.	Dec 31	Sept 30
White Earth Reservation Tribal Council	Sept 30	June 30
Wright County Community Action, Inc.	Sept 30	June 30

EAP Contract Provision Related to Audits

12. Audits

12.1 **State Audits.** Under Minn. Stat. § 16C.05, subd. 5, the Grantee’s books, records, documents, and accounting procedures and practices relevant to this grant contract are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of three years from the end of this grant contract.

12.2 **Federal Audits.** The Grantee’s books, financial records, programmatic records, documents, and accounting procedures and practices relevant to this grant contract are subject to examination by the USDHHS and the

Comptroller General of the United States, or their designated representatives, for the greater of a period three years after the expiration date of this contract or on completion of a federal audit if one is commenced within three years after the expiration date.

- 12.3 **Single Audit.** The Grantee must comply with the financial and compliance audits requirements of the Single Audit Act Amendments of 1996 and OMB circular No. A-133, "Audit of States, Local Governments and Non-Profit Organizations."
- 12.4 **Program Specific Audit.** In addition to Clause 12.3, the Grantee must, upon request from the State, conduct a program specific audit of the Grantee's Low-Income Home Energy Assistance Program using the guidelines set forth in CFDA 93.568 and OMB Circular A-133 Compliance Supplement, "Audit of States, Local Governments and Non-Profit Organizations."

excerpt from FFY2013 EAP Policy Manual – Chapter 16 – Program Fiscal Management Audits

EAP records are subject to regular audits and special examinations. Audits must be conducted or performed by the Office of the State Auditor or by independent certified public accountants. EAP staff review audit recommendations and develop corrective action plans to audit findings (see Single Audit Act Amendments of 1996).

In addition to the regular audit, Service Providers must maintain books, financial records, programmatic records, documents and accounting procedures and practices relating to EAP for possible state or federal special examinations (see [Chapter 13 - Data Practices & Records](#), [OMB Circular A-133](#) and [Minn. Stat. §16C.05](#), subd. 5).

Type of Audit Required

EAP Service Providers must comply with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These documents define when a Service Provider must be audited, and the type of audit to be completed. The type of audit depends on the total amount of federal money the Service Provider receives from all sources. The instructions below are verbatim from [OMB Circular A-133](#):

- (a) *Audit required. Non-federal entities that expend \$300,000 or more a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. Guidance on determining Federal awards expended is provided in §__.205.*
- (b) *Single audit. Nonfederal entities that expend \$300,000 or more a year in Federal awards shall have a single audit conducted in accordance with §__.500 except when they elect to have a program-specific audit conducted in accordance with paragraph (c) of this section.*
- (c) *Exemption when Federal awards expended is less than \$300,000. Nonfederal entities that expend less than \$300,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in §__.215 (a).*

The DOC requires that federally funded performance-based contracts are included in the definition of federal assistance.

Minnesota Audit Requirements

Service Providers who expend \$100,000 or more in state funds are required to have an annual financial statement audit per generally accepted auditing standards.

EAP Service Providers and all tiers of subgrantees must use the federal *OMB Circulars A-21, A-87, A-110, A-122, Common Rule* and others as applicable (including modifications) in the administration of EAP grants. General modifications in the circulars:

- The state of Minnesota stands in the place of the federal agency in the language of the circulars.
- Service Providers may use their own rules and procedures if they meet the above standards or are more restrictive.
- Where choices are available, the grant agreement must clearly indicate the required choice (i.e., program income treatment).
- Service Providers' ethics codes must include real, apparent, or potential conflicts of interest regarding procurement.

- Service Providers must have a written cost allocation plan that clearly explains how joint costs are to be charged to each program the organization operates, or a federally approved indirect cost rate.

EAP Specific Audit Requirements

The *Low Income Home Energy Assistance Program Contract* under the audit section requires service providers to conduct a program specific audit upon request from the DOC. To comply with this contract section, the Service Provider's auditors should follow the *Department of Health and Human Services Low-Income Home Energy Assistance, CFDA 93.568, A-133 Compliance Supplement*.

Access to Records

The DOC and the Comptroller General of the United States, or any of their authorized representatives, shall have the right to access any pertinent books, documents, papers, or other program records of the Service Provider or its sub grantees that are pertinent to the grant, in order to make audits, examinations, excerpts, and transcriptions. Unless otherwise noted, program records must be retained for six years ([Minn. Stat. § 16C.05, subd.](#)) The six year count starts on the day the final program and expenditure reports are due or when the Service Provider submits its final program and expenditure reports, whichever is later. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the six year period, the records must be retained until completion of the action and the resolution of all issues which arise from it, or until the end of the regular six year period, whichever is later.

The following groups or their designated representatives must have access to pertinent information:

- U.S. Department of Health and Human Services.
- U.S. Department of Energy.
- Comptroller General of the United States.
- Minnesota Department of Commerce.
- Legislative Auditor.
- State Auditor.

Required Audit Contents

The DOC requires that the audit report contain in the notes to the financial statements:

- A brief summary of the methods used to allocate joint costs or a statement that the Service Provider has a federally approved indirect cost rate.
- A list of all organizations to which the Service Provider subgranted \$25,000 or more in EAP state or federal funds or a note that no EAP funds are subgranted.
- Cash management reviews for both state and federal EAP grants. Federal cash management guidelines also apply to state funds. Violations must be disclosed in the audit report.
- Disclosure of all material related party transactions. This includes separate corporations if they have been set up by a staff or board member of the Service Provider, if a staff or board member of the Service Provider is on the board of the corporation, or if a staff or board member of the Service Provider is actively involved in the day to day operations of the corporation. Example: related party ownership of buildings, equipment, services, etc.
- Review of sub grantee audit reports.

Submitting Audit Reports

Auditors must immediately report allegations of fraud and abuse, and investigations initiated and completed by the Service Provider and its subgrantees, and send a written report to the EAP Director.

EAP requires a copy of the audit to be submitted by the auditor or Service Provider within nine (9) months after the end of the audit period. In addition, when requested by EAP, Service Providers must provide copies of all audits conducted even though the audits were not required. Send audits to:

Minnesota Department of Commerce
Office of Energy Assistance Programs
Attn: EAP Audits

85 7th Place East, Suite 500
St. Paul, MN 55101-2198

In lieu of submitting a hard copy of the audit report, a Service Provider may send notice to EAP with the website of their completed audit. [Appendix 16D - Audit Report Schedule](#) lists audit report due dates.

Financial Audits

For Financial Statement Audits Only (A-133 audit not required), auditors must send two copies of the financial statement audits and management letter (with responses).

Service Providers must submit with their audit any management letter issued by their CPA firm and a written response to the items addressed in the letter.

Single Audits

For A-133 Audits (including financial statement audits accompanying the A-133 audits), auditors must send:

- Two copies of the single audit reporting package, as defined in A-133 section 320 (c), financial statement audits and management letter (with responses).
- One copy of the reporting package to the Office of the State Auditor Single Audit Division, 555 Park Street, St. Paul, Minnesota 55103, within nine (9) months from fiscal year end.
- One copy of the reporting package within 30 days after issuance to: Federal Audit Clearinghouse, Bureau of the Census, 1201 East 10th St, Jeffersonville, IN 47132.

Service Providers must submit comments on the findings and recommendations in the single audit report and management letter, including corrective action taken or planned, and comments on the status of corrective action taken on prior findings.

Repayment of Disallowed Costs

The DOC will review the audits, management letters and Service Provider responses. If costs are disallowed, Service Providers must repay costs disallowed by EAP in cash from non-EAP sources (state or federal) or as stated in the grant agreement.