

PY 14
Grantee New Hampshire

Integrity Assessment Supplement

Recent Audit Findings

Attachment **IAS 1**

Compliance Monitoring

In addition to the fiscal and program monitoring described in the NH LIHEAP State Plan (attachments F and G), OEP has redesigned the program monitoring procedures to fully assess the application, payment, reimbursement and administrative processes with a combination of desk monitoring and site visits.

PY 14 application monitoring procedures have been expanded to include a final review of a sample of canceled vendor payment checks.

Fraud Reporting Mechanisms

Attachment **IAS 2** outlines the fraud procedures from the NH Fuel Assistance Program (FAP) Procedures Manual.

PY 14 planning includes fraud reporting mechanisms at the subgrantee and state levels.

Verifying Applicant Identities

The NH application process requires actual written documentation of income for all adult household members. Adult household members with little or no income must sign a statement of no or low income and provide back-up documentation such as assistance from other agencies. All new applications are completed in a face to face interview. The following statement is taken from the NH Fuel Assistance Program (FAP) Procedures Manual:

“The local Community Action Agency (CAA) shall determine eligibility through the application and certification process. The CAA shall ensure that applicants have provided adequate and accurate documentation of gross income for the entire period indicated and attest to the truth of the information submitted on the applications. It is the responsibility of the applicant to provide all required documentation to the CAA as part of the application process. All applications must be complete, with all supporting documentation attached.”

Households must complete the application process through intake and certification each program year to receive a FAP benefit.

Social Security Number Requests

Social Security numbers have always been requested of all household members during the NH FAP application process.

Social Security numbers for all household members have been REQUIRED as part of the NH FAP application process beginning with PY 11. This practice will continue in PY 14.

Cross-Checking Social Security Numbers Against Government Systems/Databases

NH is not currently cross-checking Social Security numbers against any government systems/databases. While there is no plan for implementation in PY 14 it will be researched for possible implementation in the future.

In PY 14, NH will begin to research and develop new software for LIHEAP and other programs, which may include data sharing with other agencies. This could potentially include a process for cross checking Social Security numbers.

Verifying Applicant Income

Household income is verified by the applicant's submission of actual written income documentation such as paystubs, Social Security statements, bank statements, etc.

In addition to the standard income documentation, households are required to submit copies of the previous year's IRS forms for all household members. This requirement will continue in PY 14.

Privacy-Protection and Confidentiality

The following confidentiality procedures are taken from the FAP Procedures Manual:

“It is of the utmost importance that applicants are guaranteed complete confidentiality regarding information disclosed to all persons involved in the administration of FAP.

The applicant agrees to a release of information when completing and signing the FAP/WAP application form. This release is specific to the FAP and includes the following only:

Information necessary to establish eligibility for FAP.

Information necessary to determine amount and type of assistance.

Sharing of information with the NH Weatherization Program for purposes of eligibility.

All other sharing of information requires an additional specific release signed by the applicant or other household member.”

The FAP software system is a purpose-built system (i.e. not a general purpose system) implemented with user access controls for client record data. User access to the system is over the public Internet via SSL protocol and network traffic between the user's browser session and the server is encrypted.

The FAP PY 14 Procedures Manual includes a Code of Conduct for the NH Fuel Assistance Program, which must be agreed to and signed by all FAP staff.

LIHEAP Benefits Policy

Procedures for Unregulated Energy Vendors

Verifying the authenticity of Energy vendors

Vendors participating in the NH FAP are required to sign a Vendor Agreement with the Community Action Agency (CAA).

Attachment E of NH LIHEAP State Plan (Vendor Agreement)

Vendors are notified of a recipient's benefit through a Letter of Credit. Vendors receive payment after written documentation of the delivery or monthly utility expense is submitted to the CAA. No payment is made without documentation. At the end the program year, the recipient receives written notification of the expended benefit.

Deliverable fuel vendors were required to submit a current copy of the NH Secretary of State's Certificate of Good Standing with the signed vendor agreement beginning in PY 11. This practice will continue in PY 14.

Beginning in PY 14, all participating fuel vendors will be checked against the federal debarment list.

Training and Technical Assistance

Training and technical assistance is on-going throughout the program year with CAA FAP directors, vendors, intake and certification staff and applicant/client interaction. OEP and the CAAs have a long history of working with the municipalities, vendors and community organizations to provide comprehensive services to the low income population, which includes preserving the integrity of all of the programs. Staff meeting with the CAA FAP Directors are held on a monthly basis. An additional training workshop for CAA FAP staff was held in May 2013.

OEP is planning on beginning a series of webinars in PY 14 to target specific training areas such as self-employment and zero income applications.

Audits of Local Administering Agencies

Each CAA must submit a copy the most recent independent audit of the entire agency as part of the annual contract process with OEP.

The audit must be conducted in accordance with the audit requirements of Office of Management and Budget (OMB) Circular A-133 Audits of Institutions of Higher Education, and other Non-profit Organizations.

The audit report must include a schedule of revenues and expenditures by contract or grant number during the agency's fiscal year.

The audit report must include a schedule of prior years' questioned costs along with an agency response to the current status of the prior years' questioned costs. Copies of all OMB letters written as a result of audits shall be forwarded to OEP. The audit shall be forwarded to OEP within one month of the time of receipt by the agency accompanied by an action plan for each finding or questioned cost.

All CAA audit reports are reviewed as part of the annual fiscal monitoring process.

Attachment IAS 2 (Fraud Procedures)

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In signing the FAP application, the applicant agrees to the following statement from the application **Release and Conditions:**

I understand that if I knowingly give inaccurate or incomplete information pertaining to my eligibility for the program(s), I am breaking the law and can be prosecuted; conviction may result in imprisonment and/or fine. Furthermore, I may be subject to administrative penalties, which may include denial of eligibility and/or repayment of the assistance I received. The information that I have provided for this application process is true and correct.

Misrepresentation(s) may occur during the application process as a result of misunderstandings or ignorance. Third party information to the CAA may also conflict with what the applicant/client has stated on his/her application.

A CAA employee must immediately inform the CAA FAP Director when information on the applicant/client's FAP application conflicts with:

- a) third party information
- b) documentation
- c) verbal information provided by applicant/client

Since such discrepancy may be the result of unintentional misinformation or due to misunderstandings, CAA's should utilize the following procedures:

A. During the application process the CAA shall:

1. Contact the applicant, either in writing or over the telephone, requesting his/her assistance and cooperation in providing supplementary support or clarification of information contained in the application.
2. If additional documentation is required, the CAA will request the information from the applicant. The CAA will notify the applicant if OEP is informed of the situation in question.
3. Place the approval process in a pending status while further review takes place. The CAA review process will not exceed 30 days.
4. Obtain further information and clarification regarding the application.
5. If the CAA determines that no further review is necessary or that the information received has been clarified to the satisfaction of the CAA, then the application approval process shall resume.
6. If the CAA determines, based on information received and further review, that the application cannot be approved, the applicant will be denied as set forth in Section "C" below.

The CAA will hold funds in the amount of the benefit in question in reserve pending the outcome of review process.

B. After FAP benefits have been issued:

If a FAP client has already begun to receive benefits and the CAA receives additional information that could alter the client's eligibility for the program, or benefit amount, the CAA should initiate the following procedures:

1. Contact the applicant, either in writing or over the telephone, requesting his/her assistance and cooperation in providing supplementary support or clarification of information contained in the application.
2. Prior to the determination as to whether or not to suspend benefits, the OEP Fuel Assistance Program Manager must be notified. The OEP Fuel Assistance Program Manager may participate in the review process.
3. If the information provided by the client is not satisfactory, the CAA will send a letter to the client informing the client that his/her eligibility is in question and that fuel assistance benefits may be suspended pending a review. The letter must clearly identify the reason(s) for suspension of benefits. A copy of the letter will be sent to OEP.
4. The CAA FAP Director will telephone the client's vendor stating that fuel assistance benefits for the client have been suspended until further notification. The CAA is responsible for confirming information in writing to the vendor. The client will receive a copy of this letter. Unless the vendor has information pertinent to the review, the reason(s) why the client's benefit is suspended is not to be disclosed.
5. The CAA will hold sufficient funds in reserve pending the outcome of the review process.
6. The CAA FAP Director will review all information with respect to eligibility and/or possible fraud or willful misrepresentation. The review process may include further clarification from the client.

C. Disqualification: The client may be subject to denial, disqualification or termination of FAP benefits when:

1. The client fails to respond to, or cooperate in the reassessment of the application in question.
2. Evidence resulting from the review process confirms that the client is ineligible, or the existence of fraud or willful misrepresentation. The OEP FAP Manager must be involved in the decision-making process prior to the final determination.

D. Written Notification:

1. The client shall be provided with a written notification of denial of the application, disqualification, rescission of approval, or termination of assistance.
2. CAA FAP Director will notify the vendor that the client's benefits have been terminated.
3. The written notification will include notice of the client's right to request a Fair Hearing and notice of the Fair Hearing process.

E. Restitution:

1. The CAA shall make every effort to effect a voluntary restitution of those funds (payments) expended on behalf of an ineligible client.
2. The CAA may choose to initiate court action should a client refuse or fail to comply with request for voluntary restitution.
3. The CAA will not be held liable for payments made on behalf of the ineligible client provided that all procedures identified in the 2014 FAP Procedures Manual have been properly followed.

A perceived incidence of fraud by a FAP applicant/client must be confirmed by evidence of deliberate and willful intent to defraud. OEP will refer cases where there is evidence of fraud or willful misrepresentation to the Attorney General's Office.

**New Hampshire Office of Energy and Planning (OEP)
Low Income Home Energy Assistance Program (LIHEAP)
NH FY 2012 Single Audit Findings Corrective Action Plan**

Finding: LIHEAP 2012-1: *Federal drawdowns for the LIHEAP program not performed timely.*

Questioned Costs: None

OEP Response and Corrective Action Plan:

OEP has created a multi-level internal controls system for all federal reporting requirements to ensure that the financial information reported for all grants is accurate and reported in a timely manner. Although OEP had been under-staffed in the fiscal area, there is now a system in place to ensure that at least two fiscal staff members review all expenses by grant, calculate draw down amounts for all grants, and are able to perform draw downs.

The double verification control of draw downs has been in place since 12/30/2012. Weekly draw downs began on the week of 2/11/13.

OEP is now fully staffed in the Business Office and anticipates making timely drawdowns for LIHEAP in the future.

Finding: LIHEAP 2012-2: *OEP should Improve Internal Controls Over and Compliance with LIHEAP Sub-Recipient Monitoring Requirements.*

Questioned Costs: None

OEP Response and Corrective Action Plan:

OEP has developed and implemented new monitoring tools and procedures for application and fiscal monitoring. The application monitoring procedures include a complete review of applications from intake to payments to reimbursement by OEP. The fiscal monitoring procedures include a complete review of all of the expenditures for one month. In addition, the LIHEAP Manager monitors applications and processes on a daily basis as issues arise. Now that the monitoring procedures are in place, monitoring of the CAAs will be completed within each program year.

OEP is on track to fully implement required internal controls and monitoring requirements by September 30, 2013.

Finding: LIHEAP 2012-3: *Internal Controls over LIHEAP Federal Financial Reporting Requirements Need Improvement.*

Questioned Costs: None

OEP has created a multi-level internal controls system for all federal reporting requirements to ensure that the financial information reported for all grants is accurate and reported in a timely manner.

The double verification of financial information for federal reporting has been in place since 01/30/13. The submission of the federal reporting by a third individual (usually the Program Manager or Grants Manager) has been in place since 10/31/12.

Finding: LIHEAP 2012-4: *OEP Should Establish Internal Controls over and Comply with the Reporting Requirements of the Federal Funding Accountability and Transparency Act (FFATA).*

Questioned Costs: None

The OEP Grants & Compliance Officer attempted to provide the information through the appropriate web portal on several occasions, but the website was down or not functioning. Due to reduced staffing resources, the Grants and Compliance Officer did not make further attempts to provide the information, resulting in OEP overlooking this reporting requirement.

OEP is in the process of implementing our Corrective Action Plan in order to comply with FFATA, and we expect to be in compliance no later than September 30, 2013

Finding: LIHEAP 2012-5: *The time elapsing between the transfer of funds from the U.S. Treasury and disbursement by subgrantees was not minimized.*

Questioned Costs: None

The OEP has started to implement procedures to properly draw down on program advances for PY 2013, and is in the process of evaluating advance procedures for implementation in PY 2014. All program advances will be returned to OEP by September 30 of each year.