

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

ABSTRACT:

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

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

According to the Paperwork Reduction Act Of 1995 (Pub. L. 104-13), public reporting burden for this collection of information is estimated to average 1 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

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| State, Tribe or Territory (and grant official): Washington State Department of Commerce – Tony Hanson, Program Manager | | Date/Fiscal Year: 07/23/2013 – FY2014 | |
| RECENT AUDIT FINDINGS | | | |
| Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2013 or the prior three years, in annual audits, Grantee monitoring assessments, Inspector General reviews, or other Government Agency reviews of LIHEAP agency finances. | Please describe whether the cited audit findings or relevant operations have been resolved or corrected. If not, please describe the plan and timeline for doing so in FY2014. | If there is no plan in place, please explain why not. | Necessary outcomes from these systems and strategies |
| During our 2012 State audit, LIHEAP was sited with two findings: 1. The Department of Commerce does not have adequate controls to ensure it draws Low Income Home Energy Assistance Program federal funds in accordance with the Cash Management | All LIHEAP audit findings have been resolved/corrected by the Department. Corrective actions have been reviewed and approved by the State Auditor's Office. | N/A | <i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i> |

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| <p>Improvement Act Agreement. 2. The Department of Commerce does not have internal controls to ensure reports required by the Federal Funding Accountability and Transparency Act are filed for the Low-Income Home Energy Assistance Program.</p> | | | |
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COMPLIANCE MONITORING

| <p>Describe the Grantee's FY 2013 strategies that will continue in FY 2014 for monitoring compliance with State and Federal LIHEAP policies and procedures by the Grantee and local administering agencies.</p> | <p>Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2014.</p> | <p>If you don't have a firm compliance monitoring system in place for FY 2014, please describe how the State is verifying that LIHEAP policy and procedures are being followed.</p> | <p>Necessary outcomes from these systems and strategies</p> |
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| <p>The state of Washington currently has a compliance monitoring system in place for all LIHEAP sub-grantees. We do an annual risk assessment, and either an annual desk monitoring or onsite monitoring visit. Sub-grantees are monitored onsite every 3 years, unless they are deemed high risk. A sub-grantees level of determined risk will affect the schedule of onsite monitoring from 3 years to either 2 or 1 year.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i></p> |

| FRAUD REPORTING MECHANISMS | | | |
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| <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>There are instructions and contact information available on the homepage of the State's LIHEAP public website for reporting suspected fraud, waste, or abuse. State LIHEAP staff are accessible by phone or email. Phone numbers of LIHEAP staff are available to the public.</p> <p>All LIHEAP sub-grantees and partners are encouraged to report any problems or concerns to Commerce staff directly.</p> <p>In Washington we also use our fair hearing process for suspected fraud on behalf of our LIHEAP clients in regards to our LIHEAP sub-grantees.</p> <p>All cases of reported fraud, waste, and abuse are taken on a case by case basis. At the state level, we collect all the facts before making any determination. If the fraud was identified as being performed by a client, we provide technical assistance to sub-grantees for handling those situations as they occur.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>Clear lines of communication for citizens, grantees, clients, and employees to use in pointing out potential cases of fraud or improper payments to State administrators.</i></p> |

| VERIFYING APPLICANT IDENTITIES | | | |
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| Describe all FY 2013 Grantee policies continuing in FY2014 for how identities of applicants and household members are verified. | Please highlight any policy or strategy from your plan which will be newly implemented in FY 2014. | If you don't have a system in place for verifying applicant's identities, please explain why and how the Grantee is ensuring that only authentic and eligible applicants are receiving benefits. | Necessary outcomes from these systems and strategies |
| <p>We verify applicant identities by using state ID's, SS cards, and/or birth certificates for children.</p> <p>In most cases this can be verified through the State's Benefit Verification System, which has information supplied by our Department of Social and Health Services. This system will only verify those clients that are receiving other state services, such as TANF/Food Assistance.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</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>Washington State strongly encourages LIHEAP sub-grantees to collect SSN's for all applicants. Due to our sub-grantee's organizational status as non-profit/charitable organizations, we cannot "require" them to collect SSN at this time.</p> <p>When documenting an applicant's social security number, the sub-grantee must file either:</p> <p>A copy of the social security card; or</p> <p>A copy of other documentation or correspondence that shows both</p> | <p>Currently, our state strongly encourages documentation of social security numbers, but only tracks the primary and secondary applicant's SSNs in our secure LIHEAP database. We are preparing for the tracking of social security number of all household members within our State's database. This project is scheduled to be completed by the start of the 2015 program year.</p> | <p>N/A</p> | <p><i>All valid household members are reported for correct benefit determination.</i></p> |

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| <p>the name and social security number; or</p> <p>Written notification of the applicant's number from the local Social Security Administration; or</p> <p>A notation that the social security number had been verified from the DSHS Benefit Verification System. Cross checking is limited to those clients that currently receive services such as TANF/Food Assistance.</p> | | | |
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CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES

| <p>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.)</p> | <p>Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY 2014.</p> | <p>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.</p> | <p>Necessary outcomes from these systems and strategies</p> |
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| <p>In WA we have access to a system that tracks income information as well as tracks clients with SSN's. This is through the Department of Social and Health services. Cross checking is limited to those clients that currently receive services such as TANF/Food Assistance.</p> | <p>In Washington there is currently no global data base that we can cross check against other than the Department of Social and Health Services.</p> | <p>Our goal is to research and find ways of partnering with Federal organization to access necessary cross-checking of certain data including SSN's, such as partnering with the Social Security Administration.</p> | <p><i>Use of all available database systems to make sound eligibility determination.</i></p> |

| VERIFYING APPLICANT INCOME | | | |
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| Describe how the Grantee or designee used State Directories of new hires or similar systems to confirm income eligibility in FY 2013 and continuing in FY 2014. | Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2014. | If the Grantee won't be using new hire directories to verify applicant and household member incomes how will the Grantee be verifying the that information? | Necessary outcomes from these systems and strategies |
| <p>In WA we have access to a system that tracks income information. This is through the Department of Social and Health services. Cross checking is limited to those clients that currently receive services such as TANF/Food Assistance.</p> <p>We also have the ability to receive income data through the Washington State Employment Security Department for applicants who claim no income or are collecting unemployment benefits.</p> <p>We have an agreement with the local SSA office to access SS income information with the agency.</p> <p>Sub-grantees may also access services provided by "The Work Number" which contains income data for earned wages. This resource is limited to employers that participate in the Work Number system.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>Effective income determination achieved through coordination across program lines.</i></p> |

| PRIVACY-PROTECTION AND CONFIDENTIALITY | | | |
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| 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>WA require records to be physically secured by sub-grantees. This is verified during onsite monitoring visits.</p> <p>Our contract language with our sub-grantees provides additional guidance as follows:</p> <p>CLIENT PRIVACY STANDARDS</p> <p>Personal information collected by Commerce, used or acquired in connection with any state-funded program shall be used solely for the purpose of that program. Sub-grantees agree not to release, divulge, publish, transfer, sell or otherwise make known to unauthorized persons the personal information without express written consent of the client or as provided by law. The written consent must include what client information may be shared and to whom or which agencies/businesses. Sub-grantees agree to implement physical, electronic and managerial safeguards to prevent unauthorized access to personal information.</p> <p>Personal information includes but is not limited to information that would identify an individual's health, education, business, use or receipt of governmental services, names, addresses, age, telephone numbers, social security numbers, driver license numbers and finances including financial profiles, credit card numbers or</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p> |

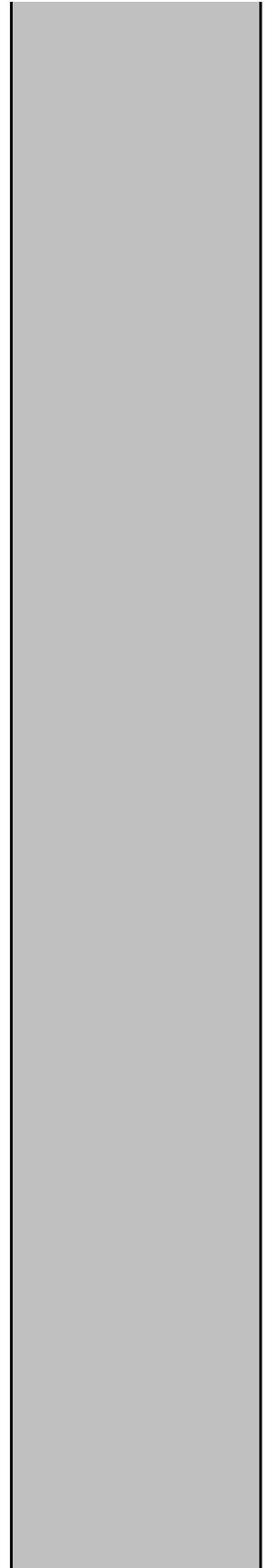
other identifying numbers.

COMMERCE reserves the right to monitor, audit or investigate the use of personal information collected by Commerce, used or acquired by the sub-grantee. Not properly maintaining clients' private information could result in termination of the contract or subcontract. Sub-grantees agree to indemnify and hold harmless COMMERCE, the State and its officers, employees and authorized agents for any damages related to the sub-grantee's unauthorized use of personal information.

Sub-grantees shall include this client privacy policy in all subcontracts. In addition, sub-grantees shall include in the subcontract a clause stating that sub-contractors agree to indemnify and hold harmless the sub-grantee, the State and its officers, employees and authorized agents for any damages related to the sub-contractor's unauthorized use of personal information. Sub-grantees have the responsibility to monitor the use of personal information collected by sub-contractors.

In addition to this we have a web based system for submission of LIHEAP client data. Those requirements are as followed:

Internet Explorer 5.01, 5.50, 6.0 or 7.0 installed and used as the World Wide Web browser. All versions must have the most recent IE Cumulative Update installed. This provides 128-bit client-side encryption of browser sessions. As future Service Packs, patches, or hot-fixes are released by Microsoft, sub-grantees will download and install them as directed by COMMERCE. A



recommended 'Best Practice' would be to use the Windows Update feature to scan systems.

'Strong' password authentication - passwords must include at least one lower-case alphabetic character (a - z), at least one upper-case character (A to Z), and at least one non-alphabetic character (*, \$, #, 1-9, etc.). Passwords are also required to be at least 8 characters long, are case sensitive, and must be changed every 60 days. You cannot use common words, names, religious or sports references.

EAP Coordinators will manage user-id and passwords for staff. This includes notifying COMMERCE immediately when staff end employment or are reassigned, and deleting their user-id and password. Each user is allowed one user-id and password at any time.

Any sub-grantees wishing to use wireless Internet connections ('Wi-Fi') must contact COMMERCE prior to using a Wi-Fi equipped device in conjunction with client service. Wireless connections are inherently insecure unless the following minimum steps are taken:

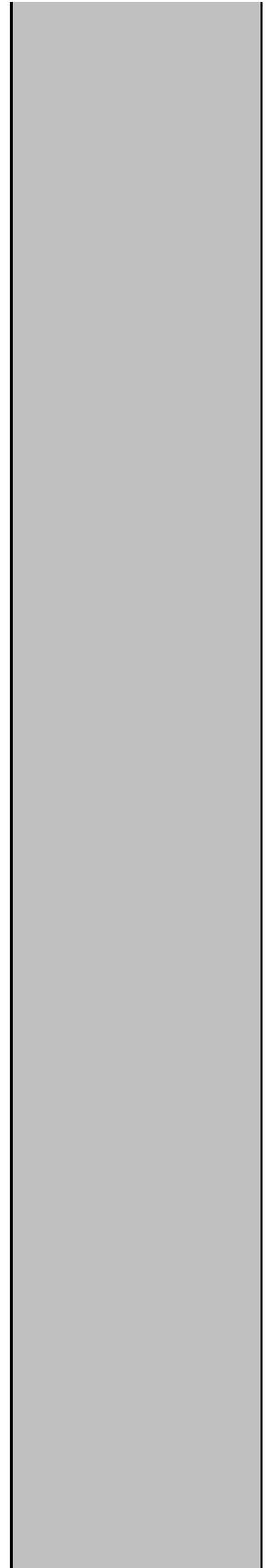
Block the SSID (Service Set ID) from transmitting.

Use a personal firewall, antivirus, and anti-spyware software.

Use WPA (Wireless Protected Access) and change WPA keys frequently.

Use VPN (Virtual Private Network) software to connect to your office network.

Sub-grantees will shred any unnecessary paper documents containing client information daily.



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| <p>Access to the secure website will be limited to authorized users during regular working hours daily, and restricted at night and on the weekends, unless by prior authorization. COMMERCE will use IP address monitoring to track individual usage. Sub-grantees may use home systems to connect to the secure site only if they have personal firewalls and anti-virus software in use and updated regularly.</p> | | | |
| <p>Each authorized user will review Policy 4.6.4, sign and return the Contractor Statement of Assurance form, which acknowledges compliance with the above policies and commitment to information security, client privacy and confidentiality.</p> | | | |

| LIHEAP BENEFITS POLICY | | | |
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| <p>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.</p> | <p>Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY 2014.</p> | <p>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.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p>Policy 4.5.1 (B): EAP Benefits Provided By Two Methods</p> <p>EAP benefits will be made to an eligible household as a payment to the household's heating energy vendor (oil company, electric utility, gas company, etc.), on behalf of the household, or through direct payment to the applicant. In 2013, 92.3% of LIHEAP benefits were paid directly to the client's account with their Utility/Energy Vendor.</p> <p>The LIHEAP database flags double payments by last name and SSN.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p> |

Policy 4.5.1 (C): Payment To Vendors Requires Signed Agreement

Payments will not be issued to a vendor unless the vendor has been verified and there is a signed LIHEAP Energy Vendor Agreement.

Policy 4.5.1 (E): Lines Of Credit Are Acceptable

Payments can be made to an energy vendor to establish a line of credit for a household when:

The household and the vendor agree to this form of payment.

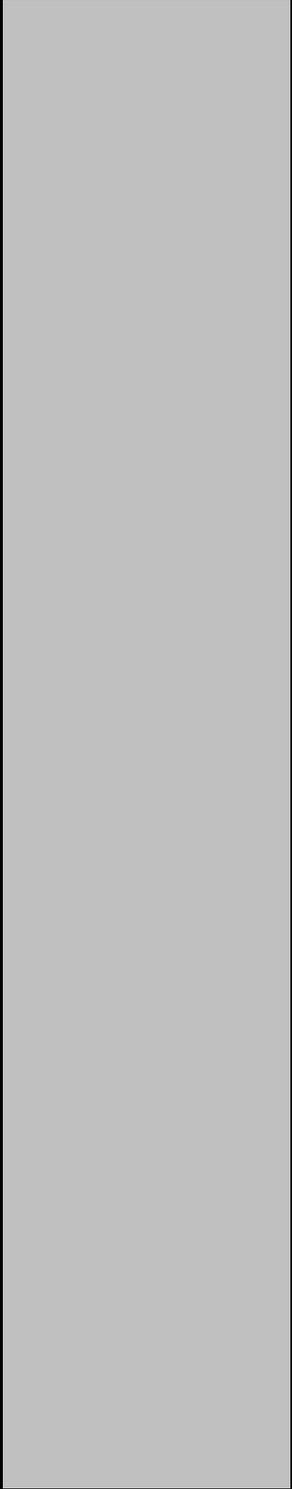
The amount of the credit will appear on a billing statement to the customer.

The vendor will handle the credit as they would any credit on a customer account.

Sub-grantees will not enter into line of credit arrangements with wood vendors. Wood vendors will not receive payment except for reimbursement for wood already delivered.

Policy 4.5.1 (G): Unclaimed Credit Balances resulting from an awarded EAP benefit payment

The vendor must treat the credit balance as if it were paid out of the low-income customers own pocket. If the customer or his/her estate cannot be located, the funds must be reported to the State of Washington Department of Revenue in accordance with State law.



| PROCEDURES FOR UNREGULATED ENERGY VENDORS | | | |
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| 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 unregulated 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>For bulk fuel dealers, sub-grantees either have a vendor agreement or pay the client directly similar to electric or gas providers.</p> <p>Policy 4.5.1 (D): Vendor Payment is Option of First Choice</p> <p>Sub-grantees will issue EAP benefits to vendors whenever possible. But there are circumstances when direct client payment is justified, such as:</p> <p>The vendor of the household's primary heating source refuses to sign a Vendor Agreement (this refusal should be documented).</p> <p>The household pays for all heating costs as a portion of its home rental payment (lease agreement or statement from the landlord is required as documentation).</p> <p>The energy bill is not in the name of a household member; for example, if the bill is in the name of the rental property owner. If this is done, however, it is important that records of any payment made contain information that establishes a clear audit trail to the applicable client file. Sub-grantees should inform the applicant any refund will be returned to the customer of record.</p> <p>The household's primary fuel source is wood and the sub-grantees cannot identify a wood</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>Pa</i> In WA we have access to a system that tracks income information. This is through the Department of Social and Health services. Cross checking is limited to those clients that currently receive services such as TANF/SNAP.</p> <p>We also have the ability to receive income data through the Washington State Employment Security Department for applicants who claim no income or are collecting unemployment benefits.</p> <p>Contractors can also access services provided by "The Work Number" which contains income data for earned wages. This resource is limited to employers that participate in the Work Number system. <i>rticipating vendors are thoroughly researched and inspected before benefits are issued.</i></p> |

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| <p>vendor who can meet the requirements of the Vendor Agreement.</p> <p>When a direct payment is necessary, the sub-grantees is encouraged to use a two-party check. The applicant's file should include a statement for the reason direct payment was necessary.</p> | | | |
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| VERIFYING THE AUTHENTICITY OF ENERGY VENDORS | | | |
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| Describe Grantee FY 2013 policies continuing in FY 2014 for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the Grantee's procedure for averting fraud. | Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2014. | If you don't have a system in place for verifying vendor authenticity, please describe how the Grantee can ensure that funds are being distributed through valid intermediaries? | Necessary outcomes from these systems and strategies |
| <p>Washington is a state with a large amount of utilities. We work with the Utilities and Transportation Commission, if there is any question as to the authenticity of energy vendors.</p> <p>Vendors stay constant, due to geography, and are vetted through our local sub-grantees.</p> <p>Sub-grantees are only allowed to make payment to authorized energy vendors who have signed vendor agreements in place. Vendor agreements and authenticity are reviewed and completed on an annual basis.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>An effective process that effectively confirms the existence of entities receiving federal funds.</i></p> |

| TRAINING AND TECHNICAL ASSISTANCE | | | |
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| <p>In regards to fraud prevention, please describe elements of your FY 2013 plan continuing in FY 2014 for training and providing technical assistance to (a) employees, (b) non-governmental staff involved in the eligibility process, (c) clients, and (d) energy vendors.</p> | <p>Please highlight specific elements of your training regimen and technical assistance resources from your plan which will represent newly implemented in FY 2014.</p> | <p>If you don't have a system in place for anti-fraud training or technical assistance for employees, clients or energy vendors, please describe your strategy for ensuring all employees understand what is expected of them and what tactics they are permitted to employ.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p>In Washington there is an annual Conference for state and non state employees who work with LIHEAP funds. Energy providers are also invited. We provide training on a number of issues.</p> <p>Trainings and technical assistance are provided through one on one and group settings during the entire program year as needed.</p> <p>This is also provided through the statewide LIHEAP workgroup which is comprised of State LIHEAP staff and sub-grantee staff. The workgroup meets at least every other month or more, if needed.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</p> | <p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p> |

| AUDITS OF LOCAL ADMINISTERING AGENCIES | | | |
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| Please describe the annual audit requirements in place for local administering agencies in FY 2013 that will continue into FY 2014. | Please describe new policies or strategies to be implemented in FY 2014. | If you don't have specific audit requirements for local administering agencies, please explain how the Grantee will ensure that LIHEAP funds are properly audited under the Single Audit Act requirements. | Necessary outcomes from these systems and strategies |
| <p>Sub-grantees must submit an annual audit with their annual application. If there are LIHEAP specific issues in the audit, we develop a corrective action plan, which we require the agency to follow. We follow up through written correspondence and site visits to make sure they have met the conditions of the corrective action plan.</p> <p>All sub-grantees are required to have annual A-133 audits unless local governments, then they are audited, annually, by the state auditor's office.</p> | <p>No newly implemented changes as of FY 2014</p> | <p>N/A</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.