

## LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

### PROGRAM INTEGRITY SUPPLEMENT

#### **Recent Audit Findings**

No Legislative or Federal audit findings have been reported for the Low Income Home Energy Assistance Program (LIHEAP) in the last four years.

#### **Compliance Monitoring**

Compliance monitoring is conducted by the LIHEAP staff. The most common findings are listed below and may be discovered during compliance monitoring reviews:

- Overpayment of program funds due to improper or no documentation of household's income and the non-existence of a crisis as verified by the household's energy supplier.
- Underpayment of benefits to households due to the use of excluded income.
- Failure to document and verify payments of program funds to energy suppliers via payment vouchers, etc.
- Unable to locate all records for compliance review.
- No notification to household of disposal of application.

Two reviews, instead of one, will be conducted during a program year at those agencies that have shown to have a high percentage rate of errors during the first review. Also, the percentage of case records reviewed by LIHEAP staff during each program will be increased.

#### **Fraud Reporting Mechanisms**

Sub-grantees will be requested to include telephone numbers, including the Department of Human Services (DHS) Fraud Hotline toll free number, in program media notices to the general public concerning the LIHEAP program. During public hearings, which are held each year, the public will be requested to report any instance of fraud to both the sub-grantee agency and DHS. Program and hot line telephone numbers are also included on the DHS web site.

#### **Telephone Hotlines**

The DHS Division of County Operations maintains a toll free number (1-800-422-6641) to report allegations of fraud and program abuse.

#### **Verifying Applicant Identities**

During the application process, the sub-grantee uses Social Security Numbers (SSN's) provided by the applicant to cross reference the applicant's information with other state and federal agencies, i.e. the Department of Workforce Services, the Social Security Administration, the Office of Child Support Enforcement and the Department of Human Services (see Social Security Number Request section).

#### **Social Security Number Request**

Social security numbers are used to verify income and other client data. An encrypted file containing Social Security Numbers are remitted to sub-grantees who implement the LIHEAP program. The files are used in compliance with the Privacy Act of 1974 and clients are informed of how their SSN numbers will be used by the Department of Human Services. Please refer to the "Cross Checking against Social Security Numbers against Government Systems/Databases" section for additional information concerning the use of SSN numbers to prevent fraud.

### **Cross Checking Social Security Numbers against Government Systems/Databases**

Applications are processed by sub-grantees using information provided by state and federal agencies i.e., the Department of Workforce Services, the Social Security Administration, the Office of Child Support Enforcement and DHS. Social Security Numbers (SSN's) are an intricate part of any verification process when cross checking information. Client SSN's maintained by DHS are used to verify citizenship with the Social Security Administration, verify death matches against records maintained by the Department of Health Bureau of Vital Statistics and compared to a list of incarcerated persons provided by the Department of Community Corrections.

The sub-grantee agencies who implement the program use Social Security Numbers provided by the applicant to verify income.

### **Verifying Applicant Income**

Income verification is completed by the sub-grantee agencies who implement the program. All income is verified by using supporting documentation i.e., check stubs, information from the Department of Workforce Services, the Social Security Administration, the Office of Child Support Enforcement and DHS. In addition, the DHS Division of County Operations uses "The Work Number" to verify recent earned income directly from employers.

### **Privacy Protection and Confidentiality**

The Department of Human Services has extensive policies and procedures in place to prevent and report fraud and misuse of applicant information. Policies are provided to CAP agencies to take all measures necessary to prevent improper use of applicant information. Through collaboration, the state will study additional measures to implement in the near future.

### **Training and Technical Assistance**

Training is provided each year to staff of the sub-grantee agencies and to non-governmental individuals, including energy suppliers and non-profit agencies. Also, technical assistance is continuously provided during the program year.

### **Audits of Local Administering Agencies**

Each sub-grantee agency is required to have an audit completed by a professional audit firm of all programs and components within the agency. The audit results are provided to DHS for review. Any agency with audit findings is required to submit a plan of corrective action.

### **LIHEAP Benefits Policy**

In an effort to prevent fraud, sub-grantee records are reviewed each year by LIHEAP staff. Additionally, energy suppliers are randomly selected and contacted to verify and document information contained in the applicant's case records. Energy suppliers are also monitored to verify utility costs provided to the sub-grantees as well as conducting a second party review of the payments made to the suppliers on behalf of the applicants.

### **Procedures for Unregulated Energy Vendors**

There are no procedures for unregulated energy vendors in place at this time. We plan to collaborate with other states for ideas and measures which they are using to prevent fraud and improper payments to these vendors.

### **Verifying the Authenticity of Energy Suppliers**

Energy supplier authenticity is verified through applicants' energy bills, by obtaining the list of energy suppliers and a review of a percentage of suppliers each year. Also, each agency is required to enter into a contract with each supplier to which payments are made.