ATTACHMENT 1
SAMPLE PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT TEMPLATE
Low Income Home Energy Assistance Program (LIHEAP)

ABSTRACT:
HHS is requiring further detail from Grantees on their FY2013 plans for preventing and detecting fraud, abuse, and improper payments. HHS is also requiring that Grantees highlight and describe all elements of this FY2013 plan which represent improvements or changes to the Grantees' FY2013 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.*

State, Tribe or Territory (and grant official):	State of South Carolina, Governor's Office of Economic Opportunity (OEO), Bertie A. McKie, Senior Manager for LIHEAP and CSBG Programs	Date/Fiscal Year: August 20, 2012 FY 2013

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 FY2013.	If there is no plan in place, please explain why not.	Necessary outcomes from these systems and strategies
Fiscal audits are conducted to ensure Agencies are in compliance with OMB Circulars, generally accepted accounting principles and other federal and state regulations pertaining to grant agreements and contracts. Required audit reviews are performed on Agencies independent audit reports to: - Investigate variances between financial statements reported in the audit reports and financial reports submitted to the Governor's Office of Economic Opportunity (hereinafter	Agency was required to submit corrective action plan which was reviewed and monitored. Discrepancies were resolved upon completion of scheduled field reviews and monitoring. Agency adhered to the recommendations presented and established procedures that produced timely resolutions to the reporting discrepancies.	N/A	*The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.*

referred to as OEO or the State).
- Investigate periods that exceed predetermined thresholds and OEO's calculation of tolerable misstatements or variances that are deemed unusual.

Required fiscal field audit reviews are performed on Agencies to determine accountability of funds, adequate internal controls and sufficient management assets ensuring proper support documentation, records and security.

During audit's review of the Agencies financial statements for Fiscal Years 2008, 2009 and 2010 the Agencies audited did not have any major discrepancies within the independent audit reports that required further review.

During audit's fiscal field review of agency financial records, review of internal controls and assets maintenance for Fiscal Years 2008, 2009, and 2010 it was determined that there were discrepancies in the reporting of LIHEAP expenditures during fiscal year 2010.

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COMPLIANCE MONITORING

Describe the Grantee's FY 2012 strategies that will continue in FY 2013 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 2013.	If you don't have a firm compliance monitoring system in place for FY 2012, please describe how the State is verifying that LIHEAP policy and procedures are being followed.	Necessary outcomes from these systems and strategies
Each program component is monitored for fiscal/program compliance through the SC ROMA (Results-Oriented Management and Accountability System) Client Tracking System using the DBA FACSPro Database and through monthly Household Reports submitted by Subgrantees. (**Program Monitoring**): Field monitoring visits are conducted at least once during the year at each agency where program files are inspected for income and program eligibility justification, documentation, and benefit calculations. Required internal approval processes are monitored in each file that's randomly selected by the State during assessments. This process involves management approval of the worker's intake application information, before vouchers (processed in dba from fund balance) may be prepared and payment made to vendors for client assistance. Following field visits, comprehensive Monitoring Reports are prepared and submitted to the Subgrantee within 30 business days of each visit. The report is an analysis of the Subgrantees year-to-date progress with Performance Targets, projected outcomes and expenditures. The report identifies best practices and compliance with Federal and State policies and regulations. The report is distributed to the Executive Director, Program Director and Board Chairperson. With each report, Subgrantees have the right to respond and time to correct	For FY 2013, fiscal reporting (budgeting and monthly financial reports) by Subgrantees will be processed via an online submission for review and approval. This process started August 17, 2012 for FY 2012 budget reviews and approvals. This timely reporting and grant tracking will allow the State to internally monitor cash management and program expenditure levels of each Subgrantee.	N/A	*A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.*

identified deficiencies.

Desk reviews of program progress are conducted routinely.

Subgrantees submit a Monthly Household Report (HR) identifying total households served, denied service, applicable Federal Poverty Levels, the number of vulnerable households served and program expenditures.

LIHEAP staff monitored a limited number of LIHEAP Weatherization files of households served with the 15% of LIHEAP funds allocated to the Weatherization Program.

(**Fiscal Monitoring**): The OEO maintains the internal controls and financial management system necessary to accurately account for LIHEAP expenditures; both fiscally and programmatically. OEO's fiscal team and the LIHEAP Senior Manager initially review and approve budget applications, monitor comprehensive expenditure reports, and monthly financial status reports (prepared and submitted monthly by Subgrantees). Programmatic T&TA and fiscal training are ongoing and an annual fiscal training is provided for agency fiscal officers and staff.

Subgrantees have been provided with a Fiscal Guidance and Procedural Manual (prepared by OEO) for clear grant administration. Updates are done periodically to improve processes.

Each subgrantee's budget requires review and signed approval by the board chair and executive director.

FRAUD REPORTING MECHANISMS

For FY 2012 activities continuing in FY 2013, 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.	Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2013, and the timeline for that implementation.	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.	Necessary outcomes of these strategies and systems
OEOs website, email/letters and telephone are mostly used by the public for complaints. Also, customers, vendors, current and former employees, and board members report fraud/misuse to OEO. Misuse/fraud is often detected during monitoring by the State. The PY 2013 LIHEAP Grant Agreement (contract between State and agency) will include this statement: **Information Related to Illegal Acts or Criminal Activity:** The Subgrantee shall furnish the Grantee information about all illegal acts/criminal activities discovered. Any attempt to conceal illegal acts/criminal activities, withhold information from the Grantee or otherwise obstruct justice will be cause for enforcement action, which may result in suspension or termination of this Grant. All LIHEAP Subgrantees provided to the State, along with their 2013 Work Plan which was due by August 17, 2012, a Program Integrity Plan for PY 2013 and added/revised their Policy and Procedures Manual to include the information. Most eligible entities have this in place already but the State will monitor this during PY 2013 which starts January 1, 2013.	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*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.*

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VERIFYING APPLICANT IDENTITIES

Describe all FY 2012 Grantee policies continuing in FY2013 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 2013.	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
Current pictured ID (State or government issued) is required for each applicant and SS Card are required for each household member w/proof (SS Card, current SS Benefit Award letter, current proof of income, current lease agreement, current DSS Printout, or other State, Federal and/or official document).	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*Income and energy supplier data that allow program benefits to be provided to eligible individuals.*

SOCIAL SECURITY NUMBER REQUESTS

Describe the Grantee's FY 2013 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 FY2013, 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
Before a household is served, SS Card is required for each household member during the application/intake process – the statewide database will not process a voucher w/o the SSN's for everyone listed in the household.	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*All valid household members are reported for correct benefit determination.*

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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 2012 and continuing in FY 2013. (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 2013.	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
OEO and all eligible entities partnered with DSS several years ago (state and local DSS offices) and have access to the CHIP system; if income source is SSA or unemployment, an award letter or printout listing the payee's name and address is required. If a household member is deceased (within the past 12 months), proof is required.	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*Use of all available database systems to make sound eligibility determination.*

VERIFYING APPLICANT INCOME

Describe how the Grantee or designee used State Directories of new hires or similar systems to confirm income eligibility in FY 2012 and continuing in FY 2013.	Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2013.	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
We currently have access to the DSS CHIP System, only.	The state will make an attempt to access this directory.	Proof of income is required for each HH member 18 and older. If employed, pay check stubs are required for the prior 30 days; SSA award letter is required listing the monthly amount; unemployment benefit check copies are required; DSS printout required if financial services provided; letters from former employers required if recently unemployed; other docs required for other income	*Effective income determination achieved through coordination across program lines.*

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PRIVACY-PROTECTION AND CONFIDENTIALITY

Describe the financial and operating controls in place in FY 2012 that will continue in FY 2013 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 2013.	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
The following statements will be included in the 2013 Grant Agreement: **Safeguarding Information:** The Subgrantee shall safeguard the use and disclosure of information concerning applicants and recipients of services in accordance with applicable Federal or State laws or regulations and shall restrict access to, use and disclosure of such information, in accordance with said laws and regulations. Any question regarding access to information should be referred in writing to the Grantee. Accessibility will be permitted only at the direction of the Grantee. and **Confidentiality:** Any reports, information or data given to the Grantee, or prepared at the request of the Grantee by the Subgrantee, that are requested to be confidential shall not be made available to any individual or organization without the prior written approval of the Grantee. If such request should involve a client, the client or the legal guardian of the client must provide written approval.	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.*

LIHEAP BENEFITS POLICY

Describe FY 2012 Grantee policies continuing in FY 2013 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 2013.	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

For each payment made to a vendor, the check cannot exceed the amount of the bill (except with Direct Assistance (DA) payments where the amount is determined by the allowable benefits) which must be placed in each applicant's file for monitoring and must be payable to the vendor **only** with the applicant's name and the account # listed on the check to verify payment is made to appropriate person's account (a W-9 is required for payment). The State occasionally contacts vendors to verify timely payments by eligible entities.	The DBA system is being enhanced to allow the approved budget's for Client Assistance levels, by Agency and by county, follow to the Client Intake process. This internal control will ensure services are provided based on the poverty levels that are determined and allocated each program year.	N/A	*Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.*

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PROCEDURES FOR UNREGULATED ENERGY VENDORS

Describe the Grantee's FY 2012 procedures continuing in FY 2013 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 2013.	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
Vendor Agreements must be executed for all new vendors before services are provided to their customers. Each vendor must provide a W-9 before payment is made, a vendor agreement must be executed, an itemized bill from the vendor listing the applicant's name, address, account number and charges must be provided before a voucher is processed for payment. Vendor Agreements (same agreement used statewide) are reviewed during monitoring.	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*Participating vendors are thoroughly researched and inspected before benefits are issued.*

VERIFYING THE AUTHENTICITY OF ENERGY VENDORS

Describe Grantee FY 2012 policies continuing in FY 2013 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 2013.	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
Vendor agreements (contract between agency and vendors) must be executed for all vendors before services are provided to their customers. Each vendor must provide a W9 before payment is made, a vendor agreement must be executed (see Appendix I of the State Plan), an itemized bill from the vendor listing the applicant's name, address, account # and charges must be provided before a voucher is processed for payment.	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*An effective process that effectively confirms the existence of entities receiving federal funds.*

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TRAINING AND TECHNICAL ASSISTANCE

In regards to fraud prevention, please describe elements of your FY 2012 plan continuing in FY 2013 for training and providing technical assistance to (a) employees, (b) non-governmental staff involved in the eligibility process, (c) clients, and (d) energy vendors.	Please highlight specific elements of your training regiment and technical assistance resources from your plan which will represent newly implemented in FY 2013.	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.	Necessary outcomes from these systems and strategies

OEO provides fiscal, audit, and program T&TA during the spring and fall statewide conferences. Additional T&TA is provided upon request from the eligible entity or may be mandated by the state when deemed necessary (resulting from monitoring or customers, employees, board members, and/or vendors' complaints). OEO, in partnership with the State Association, provides board training annually and upon request. The State Association hosts monthly meetings with all executive directors, and the State LIHEAP Office hosts monthly conference calls with all Subgrantees to discuss issues and offers resolutions to problems with services to customers and reporting to the State. Monthly webinars are provided by dba, the SC database vendor, to systems administrators in each agency and provides constant assistance through the help desk.	The policy will remain the same in FY 2013	The policy will remain the same in FY 2013	*The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.*

AUDITS OF LOCAL ADMINISTERING AGENCIES

Please describe the annual audit requirements in place for local administering agencies in FY 2012 that will continue into FY 2013.	Please describe new policies or strategies to be implemented in FY 2013.	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
Annual requirements are to ensure that federal awards are used for authorized purposes and in compliance with the laws and regulations governing the provisions of each grant agreement, that Subgrantees have satisfactorily met the fiscal year-end audit requirements and that the Subgrantee takes appropriate and timely corrective actions. The thorough resolution of weaknesses of reportable conditions as revealed by the audit	New strategies to be implemented are to provide increased fiscal monitoring and technical assistance in an effort to ensure proper cash management and accountability of federal funds.	N/A	*Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.*

is required.

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.

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Annually, each agency provides to the State a Program Integrity Assessment/Plan, along with their Work Plan, outlining processes for preventing and detecting fraud, abuse and improper payments. The plan must outline processes and consequences to resolve these issues.

Agency directors and human resources officers occasionally monitor their staff involvement with customers to ensure that employees are not serving their family members or themselves. If employees are assisting their family, the employee is either terminated or demoted (based on agency policies and procedures/employee handbooks). If they serve themselves, they are terminated. Local law enforcement agencies work closely with agencies to assist in this effort if it becomes necessary.

The Statewide database, DBA FACSPro, is used for live intake by each agency. One of the features of the system is a "debarment" section. If customers give false information on their application, the agency has the flexibility to debar that customer for a stated amount of time, with approval from the executive director.