

ATTACHMENT 5

INDIANA FFY 2012-14

GRANT OFFICIAL:

Governor Michael R. Pence

DESIGNEE:

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CONTACT:

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RECENT AUDIT FINDINGS

<p>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.</p>	<p>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.</p>	<p>If there is no plan in place, please explain why not.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>IHCDA's Risk Management teams reviews all A-133 audits from sub grantees contracted to provide Energy Assistance in their local communities. If there are findings for LIHEAP funds, a copy of those findings is given to the state's program monitor for follow up to ensure that the sub grantee resolved the issues.</i></p> <p><i>It was identified that 15 of 23 sub grantees' LIHEAP funds were identified and tested by the agencies' independent auditors as major programs in 2011. The audit findings included issues with locating files and determining client eligibility.</i></p>	<p><i>IHCDA's EAP Program Staff will continue to review the audited financial statements of all sub grantees to ensure that LIHEAP funds are tested as major programs. IHCDA also requests a copy of the independent auditor's management letter.</i></p> <p><i>IHCDA provides annual training and technical assistance to independent auditors to ensure that large programs like LIHEAP are identified and tested more regularly.</i></p> <p><i>Based on the audit findings from the A-133, IHCDA may send independent auditors to agencies to conduct additional testing of LIHEAP funds to ensure that the program funds are administered properly.</i></p>		<p><i>Earlier monitoring will expedite feedback from the State, improve service delivery provided during the program year, and provide more timely corrective action for findings.</i></p> <p><i>Annual sub grantee monitoring will ensure that an inspection of LIHEAP is conducted, even when the sub grantee's LIHEAP funds are not tested as a major program during the A-133 Single Audit.</i></p>

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	<p><i>A monitoring schedule will be created to ensure that all sub grantee monitoring is completed by September 30 of each program year.</i></p> <p><i>Monitoring will begin 60 days after the start of the program year to provide more timely corrective action when needed.</i></p> <p><i>In FY2014, IHCD will offer additional training and technical assistance to enhance program delivery.</i></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>
<p><i>The State will continue to formally monitor each EAP sub grantee once annually.</i></p> <p><i>The State will continue to monitor at least three (3) percent of the agencies' client eligibility files. This monitoring will be conducted by a third party consulting firm. The state will monitor the consultants' files to ensure that the proper procedures were followed.</i></p> <p><i>Each sub grantee will continue its in-house Quality Assurance (QA) review of client eligibility files. Agencies are required to monitor at least 30 percent of its client eligibility files as a part of its QA review process.</i></p> <p><i>Sub grantees will continue to track the results of their QA reviews in the Roeing Initial Assistance Application (RIAA) monitoring report.</i></p>	<p><i>IHCDA revamped the Program Integrity section of the program operations manual that is distributed to sub grantees. This section will include information about internal controls, client verification, SSN validation, internal monitoring and compliance, and procedures for fraud.</i></p>		<p><i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i></p>

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<p><i>Agencies that have an error rate of 20 percent or higher will be eligible for a Quality Improvement Plan, or QIP. A QIP requires an agency to respond to findings of the State audit and issue a written report to IHCD on how the agency will correct those findings. IHCD will follow-up with three consecutive months of monitoring files and fiscal transactions to verify the QIP is working and corrective actions have been completed.</i></p> <p><i>Agencies with an error rate of 16 to 19 percent will be placed on a Modified Quality Improvement Plan. The state's program monitor will conduct three onsite visits that will include training, technical assistance and a file review.</i></p>			
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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><i>IHCD has a well publicized "800" number for all inquiries regarding LIHEAP. The Energy Assistance Program has received calls reporting suspected fraud and abuse on this number.</i></p> <p><i>Sub grantees will be required to post ways to report fraud and abuse at their intake sites.</i></p>	<p><i>IHCD revamped the Program Integrity section of the program operations manual that is distributed to sub grantees. This section will include information about internal controls, client verification, SSN validation, internal monitoring and compliance, and procedures for fraud.</i></p> <p><i>If a client has been identified as committing fraud, waste, or</i></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>

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	<p><i>abuse, the client's benefit will be revoked and the client will be marked as "ineligible" to receive future benefits in the database. The client will receive notification of the period of ineligibility.</i></p>		
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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><i>Household members are required to produce one piece of identification and a matching address on their utility bills.</i></p> <p><i>All household members above age one (1) must provide a social security number in order for the household to be considered for the program.</i></p> <p><i>The Roeing Initial Assistance Application software (RIAA), or the state's intake database, will continue to search for duplicate names and social security numbers across the state.</i></p>	<p><i>IHCDA revamped the Program Integrity section of the program operations manual that is distributed to sub grantees. This section will include information about internal controls, client verification, SSN validation, internal monitoring and compliance, and procedures for fraud.</i></p>		<p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p>

SOCIAL SECURITY NUMBER REQUESTS

<p>Describe the Grantee's FY 2013 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.</p>	<p>Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, or remaining the same.</p>	<p>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.</p>	<p>Necessary outcomes from these systems and strategies</p>

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<p><i>Indiana will continue to require social security numbers for all household members. The only exception will be children under age 1.</i></p>	<p><i>Indiana will continue to require social security numbers for all household members. The only exception will be children under age 1.</i></p>	<p><i>All valid household members are reported for correct benefit determination.</i></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>
<p><i>Indiana did not use existing government systems and databases to verify applicant or household member identities.</i></p>	<p><i>Indiana does not have access to any existing government databases.</i></p>	<p><i>Indiana will continue to require applicants to produce social security cards, drivers' licenses, bank records, paystubs, and/or government award letters to match individuals to their social security numbers. Copies of the documents will be stored in a locked file for future reference.</i></p>	<p><i>Use of all available database systems to make sound eligibility determination.</i></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><i>The State used pay stubs, government award letters, and direct deposit bank records to confirm most income eligibility. In cases of no declared income, the adult household member was required to get a verification printout from the Indiana Department of Workforce Development, Indiana's Unemployment office.</i></p>			<p><i>Effective income determination achieved through coordination across program lines.</i></p>

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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
<i>Client files are kept in confidential folders in a locked area at the sub grantee office. All computer generated applications conceal all but the last four digits of the social security number of household members. The RIAA software used for client intake allows only limited access to clients' files and financial transactions.</i>			<i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i>

LIHEAP BENEFITS 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
<i>Sub grantees are required to view the most current heat and electric bill in order to match the name and address to the billing name and address.</i> <i>A transmittal for payment obligations is sent to the utility vendors for review of each head of household name and account number to make sure it is a match. The vendor returns the adjusted transmittal to the sub grantee for actual payment. Once approved, the transmittal is sent to IHCD to remit payment to the utility vendor.</i>	<i>Eligible households will be required to have the utility bills in a household member's name, unless a lease or landlord affidavit requires the utility to remain in the landlord's name. Eligible households may have the utilities listed in the name of a legal power of attorney, but the household must provide documentation to prove the power of attorney is valid. The program operations manual outlines the qualifications for determining a legal power of attorney.</i>		<i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i>
PROCEDURES FOR UNREGULATED ENERGY VENDORS			

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<p>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.</p>	<p>Please highlight any strategies policy in this area which will be newly implemented in FY 2014.</p>	<p>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.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>All dealers must verify delivery of fuel with the sub grantee by delivery ticket. Wood vendors are paid by returning the wood voucher, signed by the client, and must meet the wood quality standards as described in the EAP Manual. All sub grantees must keep a copy of the wood vouchers on file.</i></p> <p><i>Benefit determination and payment procedures follow the same steps as with regulated utilities.</i></p> <p><i>Wood vendors must submit a W-9 tax form with the voucher in order to receive payment.</i></p> <p><i>If an improper payment is made, then the agency must submit an overpayment remittance to the utility vendor requesting that funds be sent back to the state office. The funds are removed from the client's account in the centralized database as well as from the client's utility bill. The utility vendor then sends a check along with a copy of the overpayment remittance to the state office. The check is booked by the state office's accounting department and tracked with other payment remittances.</i></p>			<p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>
<p>VERIFYING THE AUTHENTICITY OF ENERGY VENDORS</p>			

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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><i>The State office will have a Memorandum of Understanding with all utility vendors. 90 percent of LIHEAP funds go to the six major investor utilities: NIPSCO, Indiana-Michigan Power, Duke Energy, Citizens Energy, Indianapolis Power and Light, and Vectren Energy Delivery; and/or the Rural Electric Co-Op Network and the municipal power utilities. Wood vendors will have signed wood vouchers on file at the sub grantee offices and W-9 Forms will be stored at the state office.</i></p>	<p><i>The state office will verify that all utility vendors are active businesses in good standing with the Secretary of State's office.</i></p>		<p><i>An effective process that effectively confirms the existence of entities receiving federal funds.</i></p>

TRAINING AND TECHNICAL ASSISTANCE

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.	Please highlight specific elements of your training regimen and technical assistance resources from your plan which will represent newly implemented in FY 2014.	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
<p><i>Indiana conducts three statewide training sessions at the end of the heating season to discuss all aspects of program delivery including fraud and abuse prevention.</i></p> <p><i>Prior to the administration of the summer cooling program, IHEDA conducts additional statewide training sessions to advise agencies of any policy changes, release updated poverty guidelines, and provide guidance</i></p>	<p><i>In FY2014, one statewide training will be held over two days. The first day will focus on policy changes, information from the utility vendors, and a review of the sub grantee monitoring. The second day will focus on client eligibility verification, utility documentation, fraud and abuse detection, and enhancing the sub-grantee QA review.</i></p> <p><i>The state office will host a</i></p>		<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>

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<p><i>on administering the summer cooling program.</i></p>	<p><i>training with the utility vendors to discuss program implementation, tracking payments and improper payments, and program integrity.</i></p>	
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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><i>Sub grantees will continue to be monitored annually by the State's monitoring consulting firm.</i></p> <p><i>Sub grantees will continue to undergo an annual A-133 single audit by an outside CPA firm.</i></p> <p><i>The State office will continue the prequalification program for auditors of local sub grantees which includes a seminar on IHEDA's standards for CPA firms and a peer review.</i></p>	<p><i>The State office will issue a management letter on each agency's A-133 audited financial statements.</i></p> <p><i>The State office will conduct additional auditing of LIHEAP funds through an outside CPA firm as needed based on the results of the A-133 audit.</i></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.