

**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.*

<b>State, Tribe or Territory (and grant official):</b>  State of Montana, DPHHS, Intergovernmental Human Services Bureau EIN: 81-030-2402 LIHEAP (LIEAP) PROGRAM		<b>Date/Fiscal Year:</b>  2014	
<b>RECENT AUDIT FINDINGS</b>			
<b>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.</b>	<b>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.</b>	<b>If there is no plan in place, please explain why not.</b>	<b>Necessary outcomes from these systems and strategies</b>
A Legislative Audit (2011) made recommendations regarding the following three issues:  Three agencies made overpayments due to agency errors. There was no evidence of fraud and abuse. The overpayments were identified in monitoring reports and in corrective action plans. At the time of the audit, the costs had not been returned to the department (\$3,541)	All erroneous benefits (\$3,541 in LIHEAP benefits) have been repaid by the by the local agencies. The Human and Community Services Division (HCSD) has reviewed its corrective action practices to ensure repayment is made in a timely manner. Additional computer	N/A	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>

<p>The Department did not monitor one of its agencies within the 12 month period although activities for that year were monitored shortly after the 12 month period.</p> <p>The Department exceeded the 10 percent limit for carrying grant funding authority forward to the following fiscal year. In federal fiscal year 2010-2011 more than the 10 percent was carried forward in the amount of \$322,474.</p>	<p>functionality and reports have been implemented to identify specific cases requiring reimbursement and areas of focus to review when monitoring. Compliance with corrective actions is tracked and follow-up reviews are conducted.</p> <p>All agencies are monitored once every calendar year. All weatherization monitoring reports are completed within 30 days based upon the DOE WAP regulations.</p> <p>In May of 2011 the Department implemented corrective action to reduce the excess carry forward. A process has been implemented where the DPHHS Fiscal Department reviews the carry over limit. The additional review ensures compliance and accuracy.</p>		
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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.

<b>COMPLIANCE MONITORING</b>			
<b>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.</b>	<b>Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>All LIHEAP (LIEAP) administering agencies are, by contract, required to conduct the program in accordance with office of Management and Budget (OMB) Circulars A-110, A-122 and A-133. The agencies are required to submit final expense reports and provide appropriate reconciliations.</p> <p>The Department is audited through the Legislative Auditor's office on a two year cycle. Administering Agencies are required, by contract, to conduct a financial audit under the Single Audit Act.</p>	<p>Enhanced monitoring procedures are in place and enhanced computer reporting and functionality allow monitors to conduct more specific thorough reviews.</p> <p>Montana SNAP categorical eligibility will be implemented in the upcoming heating season. Monitors will place additional emphasis toward monitoring the cases determined to be SNAP categorically eligible. The monitoring is important for error checking as well as determining if additional training and technical</p>	<p>N/A (A compliance monitoring system is in place.)</p>	<p>By monitoring at least annually, the administering agency ensures that the program will be operated in compliance with federal rules and regulations.</p> <p>Montana operates a statewide computer system that is used to gather information and provide a monitoring tool to evaluate integrity and performance.</p>

<p>The Department monitors agencies at least on an annual basis. Each administering agency is monitored on-site by the Department at least on an annual basis. Monitoring encompasses review of procedural and fiscal policy in compliance with federal regulations for program operations. Random case file reviews are conducted to determine if client eligibility was determined correctly. Additional computer functionality and reports have been implemented to identify specific cases and areas of focus to review when monitoring. Compliance with corrective actions is tracked and follow-up reviews are conducted.</p> <p>Department personnel participated in both the LIHEAP Program Integrity Work Group and the LIHEAP Performance Measures Workgroup.</p>	<p>assistance is needed.</p>		
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<p><b>FRAUD REPORTING MECHANISMS</b></p>			
<p><b>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.</b></p>	<p><b>Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2014, and the timeline for that implementation.</b></p>	<p><b>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.</b></p>	<p><b>Necessary outcomes of these strategies and systems</b></p>
<p>The Montana LIEAP Policy manual states that any interested party may report any individual appearing to have received assistance under the LIEAP program fraudulently to the local contractor and/or the Department.</p> <p>The Montana Citizen's Advocate office provides customer assistance and access via telephone hotline; the website and email are available to citizens who wish to report problems, questions or concerns. The Montana Citizen's Advocate Offices direct individuals or their question to the proper State office. The Citizens Advocate office website has a direct</p>	<p>Montana is amending and expanding policies regarding intentional program violations made by clients.</p> <p>A memorandum of understanding (MOU) will be implemented with the Quality Assurance Division (QAD). The MOU requests QAD to investigate fraud cases and recommend action such as disqualification, repayment and implementation of penalties. In the most egregious cases, they may refer for prosecution.</p>	<p>N/A</p>	<p>The Montana Citizen's Advocate office provides clear lines of communication between the citizens and the appropriate State officials, grantees and employees to ensure suspected fraud and abuse can be directly reported.</p> <p>Information regarding the Montana Citizen's Advocate is available on the Department web-site.</p> <p>Complaints are</p>

link to the Montana DPHHS LIEAP homepage			investigated promptly to ensure programmatic compliance.

<b>VERIFYING APPLICANT IDENTITIES</b>			
<b>Describe all FY 2013 Grantee policies continuing in FY2014 for how identities of applicants and household members are verified.</b>	<b>Please highlight any policy or strategy from your plan which will be newly implemented in FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>State policy requires Eligibility workers to verify income and resources with other databases. The Montana LIEAP program requires Social Security Numbers for all members of an applicant household. For those without SSN's a process is in place to require other proof of identification.</p> <p>As of 2012, Montana's LIHEAP computer system submits all unverified Social Security Numbers to SSA for matching. SSA returns a report which includes exceptions. The exception report allows agencies to pursue resolution of erroneous information.</p>	<p>The Department intends to expand the SSN verification process to receive benefit information.</p>	<p>N/A</p>	<p>Montana has implemented a LIHEAP program match with the SSA system. The match with SSA allows IHEAP offices to verify household members social security numbers..</p>
<b>SOCIAL SECURITY NUMBER REQUESTS</b>			
<b>Describe the Grantee's FY 2014 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.</b>	<b>Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, or remaining the same.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>Montana's Administrative Rules require all applicants and household members to supply social security numbers, and/or proof of U.S. citizenship, or a birth certificates or photo identification for children in the household who are under age 18.</p> <p>Montana Administrative rules state that if SSN's or other acceptable proof of identity are not supplied, the household can be denied LIEAP benefits.</p>	<p>The LIEAP applicants are required to provide SSNs for the entire household.</p>	<p>N/A</p>	<p>In order to verify applicant and household member identities in an effort to prevent fraud, waste, and abuse, Montana requires proof of identity for all applicants and household members.</p>

<b>CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES</b>			
<b>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.)</b>	<b>Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>Montana LIEAP Policy required eligibility workers to check other state databases in an effort to verify identities, income and resources. The workers check the Public Assistance System which performs computer matching with SSA's BENDEX system. Additionally, all household members over age 16 are checked through the state's MISTICS system which provides state wage and unemployment information.</p> <p>In FY2012, the Montana LIEAP program changed from allowing Social Security Numbers to be optional to being mandatory.</p>	<p>Montana is considering options for matching with the Death Registry System (MDRS) and other databases.</p>	<p>N/A</p>	<p>In an effort to prevent fraud, waste, and abuse, Montana developed a LIHEAP program match with the SSA system and will consider pursuing matching other government databases.</p>
<b>VERIFYING APPLICANT INCOME</b>			
<b>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.</b>	<b>Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2014.</b>	<b>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?</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>Montana LIEAP Policy required eligibility workers to check other state databases in an effort to verify identities, income and resources. The workers check the Department of Labor (MISTICS) which provides wage and unemployment information for household members over 16 years of age. Additionally, all household members reporting they are categorically eligible are verified through the Public Assistance (CHIMES-EA) information</p>	<p>Montana has the authority to use SSA's SDX/BENDEX for informing agencies about Title II social security benefit entitlement and changes on recipients for retirement, disability, or survivor's benefits.</p> <p>Montana SNAP categorical eligibility will be implemented in the upcoming heating season. Income for these cases will be verified through the DPHHS SNAP system for eligibility purposes.</p>	<p>Montana is pursuing gaining access to the new hire directory however, at the current time we have been denied access.</p>	<p>Montana will continue strengthening our income verification processes and resources.</p>

<b>PRIVACY-PROTECTION AND CONFIDENTIALITY</b>			
<b>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.</b>	<b>Please highlight any controls or strategies from your plan which will be newly implemented as of FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>Montana LIEAP policy manual requires workers to safeguard names, addresses, SSNs, or other identifying information of applicants for or recipients of the Low Income Energy Assistance Program (LIEAP), including information related to the social and economic conditions or circumstances of individuals. The policy specifically places restrictions on the use or disclosure of information concerning applicants and recipients of LIEAP to ensure safeguarding of information.</p> <p>Agencies have a contractual obligation governing safeguarding of confidential information obtained and used in the performance of LIEAP duties. The contract specifies the policy for record retention and disposition.</p> <p>The DPHHS Security Division grants access to individuals through the Montana UAM system. Each individual certifies they will not release any confidential information for any systems they may access. The Central Database System (CDS) is a statewide system that is used by all agencies providing LIEAP services. The CDS system has security at the module level which limits the data that an individual may access depending on their assigned rights.</p>	<p>As new functionality is added to CDS the access is controlled through granting rights/privileges to the new screens or modules to each individual as appropriate</p>	<p>N/A. Policies are in place</p>	<p>The outcome is to safeguard client information and ensure privacy across the network. The computer system, security processes and procedures as well as the contracts are updated and enhanced to meet changing state and federal requirements.</p>

<b>LIHEAP BENEFITS POLICY</b>			
<b>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.</b>	<b>Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>

<p>As part of the eligibility determination process applicants must provide proof of their fuel obligation in the form of a current fuel bill, fuel receipt or statement from fuel vendor. In Montana, LIEAP benefits are paid to fuel vendors on behalf of eligible clients with very few exceptions. Montana LIEAP policy requires all fuel vendors have a Department-approved vendor application and contract in place. The LIEAP benefit is paid directly by state warrant to the fuel vendor and must be applied against the specific client's unpaid balance, including any future eligible energy costs of the household in accordance with approved vendor contract. Any credit balance in excess of \$50 attributable to the Low Income Energy Assistance Program (LIEAP) benefit or adjusted award after the end of the heating season must be returned to the Department.</p> <p>While performing agency monitoring, state staff randomly visit local area fuel vendors in the agency service area to ensure an understanding of the LIEAP program and to strengthen and maintain contractor/sub-contractor relationships.</p> <p>Fuel vendors are held to the same standards as are LIEAP recipients with regard to fraud.</p>	<p>The Montana LIEAP program will continue to work with additional fuel vendors to expand the number of vendors who are able to supply automated records to the department containing information on customer accounts, usage and amount billed.</p> <p>The state LIEAP office will continue to work with vendors to receive additional annual consumption data for performance measure reporting.</p>	<p>N/A Policy in place.</p>	<p>The Montana LIEAP program continues to work with fuel vendors to receive automated records which more easily lend themselves to verification, monitoring and reconciliation with program records.</p>
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<b>PROCEDURES FOR UNREGULATED ENERGY VENDORS</b>			
<b>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 un-regulated energy utilities.</b>	<b>Please highlight any strategies policy in this area which will be newly implemented in FY 2014.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>As noted, all fuel vendors must have a Department-approved vendor application and contract/agreement in place, whether regulated or non-regulated. The vendor must provide the EIN or tax id in order to be a viable vendor. The vendor agreement has been approved by the DPHHS Legal Department to ensure its legality. The vendor contract stipulates many conditions including requiring the vendor to agree that any funds paid by the Department will be used only to meet an eligible customer's home energy needs.</p> <p>In certain cases the providers of fuel or emergency relief are not authorized vendors. In emergencies or other authorized situations, the local agency obligates funds from a Contingency Revolving Fund (CRF) using a voucher system. Eligible LIEAP clients present the voucher to the provider of emergency relief and/or the fuel delivery.</p> <p>If a voucher is used it specifies the amount of payment, the quantity and description of the goods or service and the name of the goods or service recipient. The client signs the voucher upon receipt of the authorized goods or service which is used as verification of receipt/delivery. The provider also signs the voucher as verification of providing the specified goods and/or service. Upon presenting the voucher to the agency, the provider will receive reimbursement through a CRF payment.</p> <p>If the client purchases the goods or service requiring cash on delivery of the fuel, the CRF payment is made to the client based upon the receipts provided.</p> <p>CRF payments are also used for payments to eligible wood clients,</p>	<p>In 2013 and 2014, Montana will change to vendor contracts. Changes being considered include requiring the vendor to identify the LIEAP program year to which the refunds apply. Consideration will also be made regarding requiring vendor reporting of annual consumption data.</p>	<p>N/A. Current contracts are/or policies are in place.</p>	<p>Avert fraud and ensure that no improper payments are made in FY2013 and in the future.</p>

<p>tenant households and to reimburse eligible households that do not have the fuel account in a household member's name. Again payment is made based upon proof of purchase.</p>			
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**VERIFYING THE AUTHENTICITY OF ENERGY VENDORS**

<p><b>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.</b></p>	<p><b>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2014.</b></p>	<p><b>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?</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p>Payments are made to vendors only after clients have applied and been approved for assistance and supplied a copy of the most recent statement received from their respective fuel vendor. Income and resources are verified using employment and public assistance information computer matches.</p> <p><u>Verifying new vendors:</u> A Low Income Energy Assistance Program Contractor Application and contract is submitted by vendors wishing to provide services to LIEAP Clients. The vendor must submit a W-9 form including the Contractor Taxpayer ID# and the address where the 1099 form will be sent.</p> <p>The Contractor Taxpayer ID# is verified using the IRS website and the vendor record is flagged with the appropriate tax designation. The vendor is added to the State accounting system allowing them to receive LIHEAP payments on behalf of approved clients. Vendors can be added to the payment system only by state staff specifically provided with that role. All updates can be traced to the individual who made them. The state submits 1099 forms to the vendors and IRS on an annual basis.</p> <p><u>Local Agency Contact:</u> The sub-grantees maintain an ongoing relationship with local area vendors regarding client issues, leveraging activities and negotiating discounts.</p> <p>They make LIEAP applications</p>	<p>Research will be conducted to determine if any additional changes or improvements seem appropriate.</p>	<p>N/A. Current contracts/policies are in place.</p>	<p>Avert fraud and ensure that no improper payments are made in FY2013 and in the future.</p>

<p>available and encourage referrals. In the case of deliverable fuel, often the drivers give applications to customers they believe are in need of financial assistance.</p> <p><u>Monitoring vendors:</u> State monitors select and review client records on-site at vendor locations. They print the records related to client payments and then monitor the vendor records to ensure payments are properly applied. They verify whether there are any credits and that any returns were made properly.</p> <p><u>Account not in HH members name:</u> In those cases where the account is not in the household member's name: - the eligible LIEAP household must provide verification that energy expenses have been paid to the fuel vendor to be reimbursed or the person responsible for the fuel account must become a vendor.</p>			
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<b>TRAINING AND TECHNICAL ASSISTANCE</b>			
<p><b>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.</b></p>	<p><b>Please highlight specific elements of your training regimen and technical assistance resources from your plan which will represent newly implemented in FY 2014.</b></p>	<p><b>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.</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p>Montana takes advantage of WebEx and Webinar presentations regarding training and technical assistance that is made available to both employees and agency staff through WIPFLI, CAPLAW and other resources. This is offered to agencies to include non-governmental staff involved in the eligibility process. The trainings are frequently paid for by the State LIEAP</p>	<p>In 2013-2014, the SNAP categorical eligibility will be implemented. Training will be conducted on this process.</p> <p>Agency trainings will be conducted after implementation of the MOU with QAD for fraud case referrals.</p>	<p>N/A</p>	<p>It is important to educate employees, clients and energy vendors to prevent fraud and abuse</p>

<p>program.</p> <p>Prior to each heating season, training is conducted to update agency staff, including new hires, on policies, procedures and related system changes. This includes the sections regarding fraud.</p> <p>All LIHEAP policies and regulations are developed with active input agency staff and clients. Roundtable meetings are held semi-annually to solicit their input. Roundtables further provide the opportunity for training and technical assistance.</p> <p>Each administering agency targets client outreach and education activities for all eligible households in accordance with annual work plans submitted by each. Each work plan describes the eligible activity and then how the activity will be conducted. For example how they will educate vendors about energy problems by meeting face to face and establishing client referral practices.</p> <p>DPHHS monitoring staff randomly selects vendors and conduct interviews as part of the annual monitoring reviews. They reaffirm policy and provide technical assistance.</p>			
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<b>AUDITS OF LOCAL ADMINISTERING AGENCIES</b>			
<p><b>Please describe the annual audit requirements in place for local administering agencies in FY 2013 that will continue into FY 2014.</b></p>	<p><b>Please describe new policies or strategies to be implemented in FY 2014.</b></p>	<p><b>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.</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p>Agencies receiving \$300,000 or more in federal funds have a contractual obligation regarding complying with the accounting and audit requirements of Federal OMB Circular A-133, A-122 or Circular 87 as applicable.</p> <p>The agencies must submit copies of their annual A-133 audits to the Department for review action regarding any findings.</p>	<p>Policies will be developed to meet new state or federal requirements or to address any specific needs that arise in the administration of the program.</p>	<p>N/A. Specific requirements are currently in place.</p>	<p><i>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.</i></p>

<p>The Montana Legislative Auditors conduct reviews on a bi-annual basis to those Divisions meeting qualifying Cash Management Investment Act conditions.</p>			
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**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.