

PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT
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.

Grantee: State of Oregon

Year: FY 2014

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.

Oregon Housing and Community Services was audited by the Oregon Secretary of State for the FY ending June 30, 2011. There were two findings associated with this audit.

#1: Annual Report on Households Assisted by LIHEAP

Excerpt from SOS Audits Division Letter:

“The report, submitted in December of 2010 to the U.S. Health and Human Services, was completed timely, but had errors that were not detected prior to the audit. “ “Once the errors were identified, management corrected the amounts and resubmitted the report with the correct information.”

#2: Timely communication of sub-recipient monitoring results

Excerpt from SOS Audits Division Letter:

“It is important to timely communicate findings and issues to sub-recipients so that corrective action may be taken over issues that could result in noncompliance with federal requirements.”

Oregon Housing and Community Services was audited by the Oregon Secretary of State for the FY ending June 30, 2012. There were nine findings associated with this audit.

#1 LIHEAP Sub-recipient Program Monitoring

OHCS hired one permanent full-time position dedicated to program monitoring. The corrective action is complete.

#2 Lack of controls over equipment

Equipment purchases over \$5,000 are on the reconciled and updated master list. The corrective action is complete as of April 2013.

#3 Program activities/costs not reviewed for allowability

OHCS implemented internal controls to ensure receipts/invoices support all requests for funds. The corrective action is complete as of February 2013.

#4 Cash management

OHCS will implement internal controls to enhance review of requests for funds. Full implementation of the corrective action is June 2013.

#5 Sub-recipient monitoring- A-133 follow-up

OHCS will implement procedures to issue management decisions on audit findings within six months after receipt of the sub-recipient's audit report and ensure that the sub-recipient takes appropriate and timely corrective action. Full implementation of the corrective action is April 2013.

#6 Cost allocation plan not reviewed

Modifications have been made to the fiscal monitoring process. The corrective action is complete as of March 2013.

#7 FFATA reporting needs improvement

Modifications have been made to internal procedures. The corrective action is complete as of March 2013.

#8 LIHEAP Household report- data inaccuracies

Initiate a more stringent review process to ensure accuracy. The corrective action is complete as of February 2013.

#9 Procurement, suspension, & debarment not monitored

Sub-recipients will certify to measures requiring a check for suspension & debarment and provide general ledger detail for all cost centers for contracts.

<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>All audit findings have been resolved or corrected.</p>
<p>If there is no plan in place, please explain why not.</p>	<p>N/A</p>
<p>Necessary outcomes from these systems and strategies</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>

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>During PY 2010, the State of Oregon (OHCS) developed a compliance model for Energy Assistance Programs. This comprehensive process utilizes existing components as well as new tools to assure statewide compliance, quality customer service and continual program improvement.</p> <p>In addition to annual fiscal monitoring and A-133 audits, LIHEAP Weatherization programs are also monitored on-site annually.</p>
<p>Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2014.</p>	<p>No new strategies will be implemented in 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>N/A</p>
<p>Necessary outcomes from these systems and strategies</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	
<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>Subgrantees are required to submit reports when suspected fraud or allegations of fraud, waste or abuse are received or discovered. Currently, the public (as well as employees associated with the LIHEAP program) have three primary points for reporting potential fraud, waste or abuse:</p> <ul style="list-style-type: none"> A. Local LIHEAP Agencies: Contact information is posted on both the Oregon LIHEAP and the Community Action Network websites. B. State Administering Agency: Contact information is on the State of Oregon website, including phone and a designated email address. C. The State of Oregon: The State has a dedicated hotline available for citizens to report potential Fraud, Waste and Abuse. <p>In addition to websites listed above, contact information is widely available through network partners (e.g. utilities) as well as printed outreach material distributed through the state.</p>
FRAUD REPORTING MECHANISMS , continued	
<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>No new tools will be implemented in 2014.</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>N/A</p>
<p>Necessary outcomes of these strategies and systems</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

<p>Describe all FY 2013 Grantee policies continuing in FY2014 for how identities of applicants and household members are verified.</p>	<p>To apply for LIHEAP in Oregon, applicants must present multiple forms of documentation including, but not limited to proof of income for all adult members of the household and copies of current home energy bills.</p> <p>All LIHEAP households are placed into a statewide database (OPUS) developed and maintained by Oregon Housing and Community Services. OPUS requires entry of several personal identifiers in order to process energy assistance benefits--including but not limited to names, birthdates, Social Security numbers and physical addresses of all household members. Information is available for all LIHEAP households accessing services within the last 10 years.</p> <p>Use of this statewide database not only prevents duplicate payments, but also allows LIHEAP providers to identify discrepancies in personal information provided by HH at the time of eligibility determination</p>
<p>Please highlight any policy or strategy from your plan which will be newly implemented in FY 2014.</p>	<p>No new strategies or policies will be implemented in FY 2014.</p>

VERIFYING APPLICANT IDENTITIES, continued

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.

N/A

Necessary outcomes from these systems and strategies

Income and energy supplier data that allow program benefits to be provided to eligible individuals.

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.

All LIHEAP applicants and household are required to provide a Social Security Number during the application process. The applicant will not be required to show the card at intake; rather will be able to verbally provide the number. If a new applicant refuses due to the fact that they are in a witness protection program, currently in a domestic violence situation, under one years old and the applicant has not yet received a Social Security Number on the child, other circumstances approved by the subgrantee program manager, an alternate client identification number will be generated by our statewide database. This number is then tied to a combination of other unique personal identifiers (name, birthdate, address) provided by the applicant.

Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, or remaining the same.

No new policy will be implemented in FY 2014.

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.

N/A

Necessary outcomes from these systems and strategies	<i>All valid household members are reported for correct benefit determination.</i>
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CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES	
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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>Oregon will continue to use the statewide OPUS Database to check for duplicate Social Security Numbers across all applicants and household members. When duplicate numbers are identified, providers contact the Social Security Administration to verify authenticity.</p> <p>Many local providers also have interagency agreements which allow them to utilize other government databases (e.g. SNAP) to verify household information—including identity, income and household composition.</p>
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Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY 2014.	<p>During PY 2014, Oregon Housing and Community Services will continue to work with Federal and State partners to obtain access to databases which may help validate personal information provided by LIHEAP applicants. Once access is granted, OHCS intends to randomly verify household information on a percentage of processed applications. This sampling will allow the state office to evaluate the feasibility of designing and implementing systems to access various government databases during LIHEAP intake processes at the local level.</p>
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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>See above responses.</p>
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Necessary outcomes from these systems	<i>Use of all available database systems to make sound eligibility determination.</i>
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and strategies.	
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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.	Oregon requires that all applicant files contain documentation of income for every adult household member receiving LIHEAP benefits. Documents used to verify include, but are not limited to wage/earning statements, tax statements and award letters (for benefit transfer income). Many local providers also have interagency agreements which allow them to utilize other government databases (e.g. SNAP) to cross reference and verify household income information.
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Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2014.	Oregon Housing and Community Services is currently working with State partners to access employment databases that will facilitate verification of LIHEAP household income. This will allow the state office to evaluate the feasibility of designing and implementing systems to access income/employment databases during LIHEAP intake processes at the local level.
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VERIFYING APPLICANT INCOME, continued	
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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?	See above responses.
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Necessary outcomes from these systems and strategies	<i>Effective income determination achieved through coordination across program lines.</i>
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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.	<p>A. Guidance and Policy regarding confidentiality can be found throughout Oregon LIHEAP program documentation. Key examples include:</p> <p>Master Grant Agreement: <i>“Sub-grantee shall, and shall require and cause its sub-recipients to, protect the confidentiality of all information concerning applicants for and recipients of services funded by this Agreement. It shall not release or disclose any such information except as necessary for the administration of the program(s), as authorized in writing by the applicant or recipient or as required by law. All records and files shall be appropriately secured to prevent access by unauthorized persons. Sub-grantee shall, and shall cause</i></p>
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its sub-recipients to, ensure that all its officers, employees and agents are aware of and comply with this confidentiality requirement.”

Additionally, the LIHEAP Operations Manual requires sub-grantees to assure compliance with the Master Grant Agreement and to have policies in place to protect the confidentiality of all applicants.

- B. All agencies are required to enter applicant information into a statewide database (OPUS). This system requires a username and password for login, and users must read and sign the User Policy, Responsibility & Code of Ethics form before granted access. Local agencies are to assure that all OPUS users understand and comply with the responsibilities included in this document. Individuals functions and roles in OPUS are limited to the duties performed by the user, and are monitored by both local and state systems administrators.

LIHEAP Applicants are also informed of their privacy rights through the OPUS Privacy Notice. According to the LIHEAP Operations Manual:

“An OPUS Privacy Notice is to be placed in a visible location, such as a waiting room or intake offices. The notice describes how information received during an intake, and entered into OPUS, will be used—as well as the consumer’s rights regarding that information. All agencies must have the “Privacy Notice to Consumers of Services” available upon request. It describes how the consumer’s confidential information will be used, and circumstances under which information will be disclosed.”

- C. All staff are required to use secure procedures, and limit use of private information when transmitting emails correspondence.
- D. Private data is only maintained for the period and manner required by law.

Please highlight any controls or strategies from your plan which will be newly implemented as of

FY 2014.	No new strategies or controls will be implemented in 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.	N/A
Necessary outcomes from these systems and strategies	<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.	<p>The State of Oregon has multiple internal controls in place to prevent fraud during administration of LIHEAP payments:</p> <ul style="list-style-type: none"> • Applications are authorized through a certification process at each local service provider. This process requires multiple staff members to review a household application, as well as approve the determined energy assistance benefit. • OPUS (the statewide database) limits the maximum dollar amount, as well as type of benefit, households are able to receive. Any exceptions must be approved by the state coordinator, and the software can only be over-ridden by the state system administrator. • A Notice of Action is sent to all households who receive LIHEAP. This notification includes vendor information, the benefit amount and when a household may expect to see the assistance applied to their account. • All vendors are required to sign a vendor contract which outlines application of LIHEAP assistance to home energy accounts as well as refund policies. Sub-grantees are required to monitor these agreements at the local level. Oregon Housing and Community Services works with local agencies to provide training to vendors, particularly as program policies and procedures are modified or updated.

	<ul style="list-style-type: none"> • All vendor payments are tracked, batched and paid through the OPUS database. • The State Coordinator regularly monitors vendor payment activity for each agency, particularly those areas where unusual patterns or anomalies are apparent. <p>Direct payment to households is only allowed when heat is included in rent, or when there is no signed contract with the energy supplier.</p>
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LIHEAP BENEFITS POLICY, continued

<p>Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY 2014.</p>	<p>In PY 2014, Oregon Housing and Community Services will continue working with the statewide network to identify ways to reduce the need for direct household payments. This includes facilitating vendor contracts for non-traditional bulk fuel (e.g. wood) vendors, purchasing pre-paid bulk fuel cards, as well as identifying and evaluating alternate benefit arrangements for applicants whose heat is included in rent.</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>N/A</p>
<p>Necessary outcomes from these systems and strategies.</p>	<p><i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p>

PROCEDURES FOR UNREGULATED ENERGY VENDORS

<p>Describe the Grantee's FY 2013 procedures</p>	<ul style="list-style-type: none"> • All vendors are required to sign a vendor contract which outlines application of LIHEAP assistance to home
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<p>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>energy accounts, as well as refund policies. Sub-grantees are required to monitor these agreements at the local level.</p> <ul style="list-style-type: none"> • All vendor payments are tracked, batched and paid through the OPUS database. • The State Coordinator regularly monitors vendor payment activity for each agency, particularly those areas where unusual patterns or anomalies are apparent. • Oregon Housing and Community Services works with local agencies to provide training to vendors, particularly as program policies and procedures are modified or updated. • In cases where there is no vendor contract, a direct payment should be made to the household (receipt for fuel is required). • In FY 2014 OHCS will continue working with the statewide network to identify ways to reduce the need for direct household payments. This includes facilitating vendor contracts for bulk fuel vendors and evaluating alternate arrangement for applicants with heat included in rent.
<p>PROCEDURES FOR UNREGULATED ENERGY VENDORS, continued</p>	
<p>Please highlight any strategies policy in this area which will be newly implemented in FY 2014.</p>	<p>No new strategies or policies will be 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>N/A</p>
<p>Necessary outcomes from these systems and strategies.</p>	<p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>

VERIFYING THE AUTHENTICITY OF ENERGY VENDORS

<p>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.</p>	<p>All vendors who receive LIHEAP payments on behalf of households must be entered into the OPUS system. The database will not recognize the vendor without valid identifying information (including a tax ID number). Begin and End dates of the signed vendor contract must also be entered in order for the vendor to be recognized.</p> <p>In PY 2011, Oregon Housing and Community Services also began developing a process to more closely monitor and validate all vendors who receive payments on behalf of LIHEAP households. This includes verification of current vendor contracts within the monitoring process.</p>
<p>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2014.</p>	<p>No new policies will be implemented in FY 2014.</p>
<p>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?</p>	<p>N/A</p>
<p>Necessary outcomes from these systems and strategies.</p>	<p><i>An effective process that effectively confirms the existence of entities receiving federal funds.</i></p>
<p>TRAINING AND TECHNICAL ASSISTANCE</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.

Oregon Housing and Community Services understands that mutual trust between partners fosters the open exchange of information--resulting in identified areas for improvement and meaningful progress toward program objectives. Subsequently, the Oregon Energy Assistance network collaboratively facilitates multiple opportunities for training and technical assistance:

- A) OHCS (State) Employees engage in regular cross training activities to assure appropriate grant management, comprehensive subgrantee compliance reviews, timely submission of Federal Reports and to maintain a system for developing adaptive, system-wide fraud prevention policies.
- B) LIHEAP service providers and partners receive annual training each fall regarding updated policy, eligibility criteria or guidelines. The LIHEAP Operations manual, which is designed and updated by a team of state and local staff, is also reviewed at this time.

Statewide Energy Coordinator roundtables are held once a quarter to discuss specific concerns or issues related to everyday delivery of the LIHEAP program. These meetings include key vendor and other stakeholder involvement. A work session is also held amongst local energy coordinators and key OHCS staff each spring to identify and discuss program areas that need additional development before the next heating season--including potential fraud prevention or risk mitigation policies.

Pointed training and technical assistance is provided to local providers during compliance review processes. Common concerns are addressed at a network level, and often lead to updated or clarified policy/program documentation.

- C) Eligible Oregonians should have clear understanding of LIHEAP application processes. Local agencies must develop outreach plans, intake procedures and notification policies which clearly outline eligibility requirements as well as supporting documentation necessary to complete the LIHEAP application.

Households are informed of their rights and responsibilities on both on the application, as well as during intake. This includes guidelines around privacy and confidentiality. Applicants are also informed of consequences if they provide false information to receive LIHEAP benefits.

- D) Vendors receive training and technical assistance from local Service Providers and OHCS staff at the annual fall training, during quarterly round tables and as needed throughout the program year. Vendors and other key stakeholders (e.g. PUC) also receive a copy of our annual Operations Manual, either at the annual Fall Training, or via mail.

<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>During PY 2013, training and technical Assistance will be provided to relevant partners regarding new or updated program elements mentioned above. These include but are not limited to:</p> <ol style="list-style-type: none"> 1. Use of federal or state databases to verify identity and income information. 2. Data Analysis necessary to detect anomalies or potential risk at the local level. 3. Building locally tailored internal controls frameworks. <p>Any recommended methods for fraud prevention will be extensively vetted with the Oregon Energy Assistance Network. If new policies are adopted, appropriate training and technical assistance will be provided to statewide partners.</p>
<p>TRAINING AND TECHNICAL ASSISTANCE, continued</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>N/A</p>
<p>Necessary outcomes from these systems and strategies.</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>

<p>Please describe the annual audit requirements in place for local administering agencies in FY 2013 that will continue into FY 2014.</p>	<p>In addition to program and fiscal compliance monitoring, provider agencies are required to have an independent, single (A-133) audit once per year. These audits are reviewed by Oregon Housing and Community Services as a component of the six part compliance process.</p>
<p>Please describe new policies or strategies to be implemented in FY 2014.</p>	<p>No new policies or strategies will 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>N/A</p>
<p>Necessary outcomes from these systems and strategies</p>	<p><i>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.</i></p>