

**ATTACHMENT 5
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.

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 Rhode Island	Date/Fiscal Year: 08/31/2013 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.	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.	If there is no plan in place, please explain why not.	Necessary outcomes from these systems and strategies
<i>2012-66 Sub-recipient Monitoring 2012-67 Sub-recipient Cash Management 2012-68 Period of Availability</i>	All findings have been addressed in corrective action plans. The details of the Single Audit findings for 2012, along with the corrective action plans are included as Attachment A	Not Applicable	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>

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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.

COMPLIANCE MONITORING			
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.	Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2014.	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.	Necessary outcomes from these systems and strategies
<p><u>Client Review</u> – Approximately two (2) percent of client files are reviewed at each CAP to ensure documentation exists to support award eligibility based on established income limits and compliance with RI OER program administration policies. See Attachment B.</p> <p><u>Site Visit Monitoring Review</u> – Performed to ensure adequate outreach efforts; proper intake procedures; compliance with record retention requirements; assess training needs and appropriate denial/appeal procedures are being followed. See Attachment C.</p> <p><u>Fiscal Review</u> – Performed to monitor fiscal policies and procedures are in place to ensure compliance with contract terms and Federal and State regulations. See Attachment D.</p>	<ul style="list-style-type: none"> All other compliance monitoring; Client reviews, Fiscal reviews, and Site reviews will still be conducted. Additional compliance monitoring procedures may be identified and implemented in 2014 	<p>Not applicable</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			
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.	Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2014, 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
<p>RI DHS provided each sub recipient a document when fraud is suspected. This document must be filled out and sent to RI DHS to report LIHEAP fraud, waste and abuse. All incident reports are posted on the Office of Inspector General- U.S Department of Health and Human Service fraud hot line. Attachment E</p>	<p>Efforts are currently underway to incorporate the Fraud unit at the R.I. Department of Human Services to investigate all reported cases of fraud or abuse.</p>	<p>Not Applicable</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			
Describe all FY 2013 Grantee policies continuing in FY2014 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 2014.	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
RI DHS policy requires the primary applicant to provide <u>both</u> photo identification <u>and</u> a social security card. In addition, social security cards or birth certificates for children are required for each household member.	Additional applicant identity controls may be implemented as necessary. The software solution tracks and denies any duplicate household members.	Not applicable	<i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i>
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.	Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2014, 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
See "Current Verification of Applicant Identity" above. Social Security numbers for all the household members are required as well.	These are not new requirements for 2014.	Not Applicable	<i>All valid household members are reported for correct benefit determination.</i>

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 2013 and continuing in FY 2014. (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 2014.	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
<p>RI DHS subscribes to the National Technology Information Service (NTIS). This service provides access to the Social Security Administration Death Master File. Each CAP is required to enter the primary applicant into the Death Master File to identify deceased applicants.</p>	<p>RI Department of Human Services has access to the Social Security Administration database. The LIHEAP program has been recently transferred to the R.I. DHS office and will try to access the SSA database under R.I. DHS current contract.</p>	<p>Not Applicable</p>	<p><i>Use of all available database systems to make sound eligibility determination.</i></p>
VERIFYING APPLICANT INCOME			
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.	Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2014.	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
<p>RI DHS and designee currently do not use directories or databases to confirm income eligibility.</p> <p>RI DHS policy requires that the most recent 4 weeks or 30 days of income is verified.</p>	<p>The only access would be to file a form for income verification. This may be used in limited basis.</p>	<p>All income information must include backup documentation, pay slips, award letters, and etc</p>	<p><i>Effective income determination achieved through coordination across program lines.</i></p>

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
<p>The RI DHS LIHEAP Manual requires all information obtained during the LIHEAP application process be kept anonymous and not be disclosed. Specific controls in the RI DHS Manual include:</p> <ul style="list-style-type: none"> Limited access to the LIHEAP data program, all accounts have secure sign-ons. Only the last four digits of social security numbers are included on all printed documents. Confidential documents are physically secured in locked cabinets. 	<p>These control procedures will be carried forward into 2014. R.I. has implementing a new Weatherization and LIHEAP software solution (Hancock) and is implementing new controls as necessary.</p>	<p>Not Applicable</p>	<p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p>

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
<p>All payments are made directly to fuel vendors by the Community Action agencies.</p>	<p>Vendor reviews will be conducted as invoices are paid at the CAP level. DHS, as part of the client review will monitor pricing.</p>	<p>Not Applicable</p>	<p><i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p>

PROCEDURES FOR UNREGULATED ENERGY VENDORS			
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.	Please highlight any strategies policy in this area which will be newly implemented in FY 2014.	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
All payments are made to vendors directly by the CAPS. See section LIHEAP benefits policy above.	See section LIHEAP benefits policy above.	Not Applicable	<i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i>
VERIFYING THE AUTHENTICITY OF ENERGY VENDORS			
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
Each LIHEAP vendor is required to sign a Vendor Agreement. Each vendor is required to submit any and all valid licenses and insurance bidders See Attachment F	Not additional or new policies regarding fuel vendors have been implemented for 2014	Not Applicable	<i>An effective process that effectively confirms the existence of entities receiving federal funds.</i>

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.</p>	<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>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>Necessary outcomes from these systems and strategies</p>
<p>The RI DHS conducted a training seminar for all key personnel at the CAPS to address program implementation, compliance with laws and regulations and fraud, waste and abuse.</p>	<p>Additional Training will be scheduled as needed. Fraud training and reporting SSA database access</p>	<p>Not Applicable</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>
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>The RI DHS contracts with each CAP to administer the LIHEAP program. The contracts require the performance of an independent audit in compliance with OMB Circular A-133 and Generally Accepted Government Auditing Standards. In addition, audited financial statements are to be provided to the RI DHS within six months of the CAP's fiscal year-end. The RI DHS Chief of Program Development reviews all CAP audited financial statements.</p>	<p>Additional measures will be implemented as needed.</p>	<p>Not Applicable</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.

Schedule of Findings and Questioned Costs
Section III – Federal Award Findings and Questioned Costs

DHS spent its fourth quarter allocation of mandatory funds in the third quarter of FFY 2012. Grantees are not allowed to spend funds in anticipation of an award, but must wait until funds are awarded to expend them and seek reimbursement from federal sources.

Questioned Costs: \$198,101 (FFY 2010 funds not spent within the period of availability).

RECOMMENDATIONS

- 2012-65a Strengthen controls to ensure that federal reports are prepared accurately and reviewed prior to submission to ensure compliance with earmarking and period of availability requirements. Maintain all supporting documentation used in report preparation.
- 2012-65b Reconcile reports to the cost allocation system and RIFANS prior to submission.
- 2012-65c Improve cash management practices to limit pre-award expenditures.

Finding 2012-66

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – CFDA 93.568

Federal Award Agency: Department of Health and Human Services - Administration for Children and Families

Federal Award Numbers – 2012G992201, 2012G99BX11, 2011G992201, 2011G992212

Administered by: Department of Administration – Office of Energy Resources (OER)

SUBRECIPIENT MONITORING

The Office of Energy Resources (OER) can significantly improve its monitoring of subrecipients in a number of areas to ensure compliance with program requirements. The OER is required to monitor the subrecipient's use of federal awards through reporting, site visits, regular contact, or other means as outlined in OMB Circular A-133 to provide reasonable assurance that the subrecipient administers federal awards in compliance with laws and regulations.

The OER did not perform regular site visits, client data reviews, vendor monitoring, and fiscal reviews during fiscal 2012 due to insufficient program staff, delay in reassigning monitoring responsibilities and implementation of a new line of business system.

The OER indicated that they did review subrecipient audit reports and communicated regularly with its subrecipients; however, we found that these monitoring activities were not well documented. The OER was unable to provide two subrecipient audit reports and documentation of OER's review of the report.

During fiscal 2012, one of LIHEAP's larger community action program subrecipients - the Providence Community Action Program (ProCAP), was in receivership and its overall operations were under review. Key personnel were dismissed amid allegations of program mismanagement and certain program operations were suspended or reassigned. LIHEAP was the largest program administered by this community action program agency. ProCAP has been continually late in submitting audit reports – the June 30, 2011 report was submitted 18 months after the close of their fiscal year. The auditors disclaimed an opinion on the fiscal 2011 financial statements and did not perform compliance testing for major programs. Prior audit reports for this subrecipient contained multiple findings related to control weaknesses over financial reporting and federal compliance requirements including LIHEAP funds

passed-through the State. This situation should have likely increased subrecipient monitoring activities rather than the decrease in such efforts that we observed.

Questioned Costs: None

RECOMMENDATIONS

- 2012-66a Perform regular schedule of site visits, client data reviews, vendor monitoring, and fiscal reviews of LIHEAP subrecipients and document the monitoring procedures performed.

- 2012-66b Evaluate the impact of subrecipient activities on the OER's ability to comply with applicable federal regulations.

- 2012-66c Ensure that all subrecipient audit reports are received and reviewed by management along with appropriate follow-up on audit findings reported in the subrecipient audit reports.

Finding 2012-67

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – CFDA 93.568

Federal Award Agency: Department of Health and Human Services - Administration for Children and Families

Federal Award Numbers – 2012G992201, 2011G992201, 2011G992212, 2010G992201

Administered by: Department of Administration – Office of Energy Resources (OER)

SUBRECIPIENT CASH MANAGEMENT

The Office of Energy Resources (OER) contracts with various Community Action Program (CAP) agencies to provide energy related services designed to assist low-income households with home energy costs. Each CAP agency submits a weekly report to the OER which identifies the balance of LIHEAP funds on hand. The OER uses these reports to monitor agency cash balances and to determine if agencies require additional program funds. In fiscal 2012, the current process enabled the subrecipient to have excess cash on hand. As required in the federal regulations (45 CFR 74.22), the OER must ensure that payments of LIHEAP program funds to subrecipients are limited to their immediate cash needs. The OER should strongly consider making payments to the subrecipients on scheduled intervals based on appropriate supporting documentation.

We found that the OER lacks consistent controls to restrict subrecipient cash balances to their immediate cash needs. The OER is advancing funds to the subrecipients, allowing for the possibility of a material positive cash balance being held for an extended period of time. As a result, we noted that various subrecipient CAP agencies reported a material positive cash balance on hand for more than 14 days. Cash is in excess of immediate cash needs.

Questioned Costs: None

RECOMMENDATIONS

- 2012-67a Restrict subrecipient funding to their immediate cash needs.

- 2012-67b Strengthen internal controls over subrecipient cash management.

Finding 2012-68

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM – CFDA 93.568

Federal Award Agency: Department of Health and Human Services - Administration for Children and Families

Federal Award Numbers – 2011G992201, 2011G992212, 2010G992201, 2010G992212, 2009G992201

Administered by: Department of Administration – Office of Energy Resources (OER)

PERIOD OF AVAILABILITY

The period of availability for LIHEAP requires that at least 90 percent of block grant funds be obligated in the fiscal year in which they are appropriated. Up to 10 percent of the funds payable may be held available (or “carried over”) for obligation no later than the end of the following fiscal year. Funds not obligated by the end of the following fiscal year must be returned to the Administration for Children and Families (ACF) – Department of Health and Human Services. There are no limits on the time period for expenditure of funds (42 USC 8626).

Accounts have been established within the State’s accounting system to segregate expenditures and obligations by specific federal grant award. The OER uses expenditure data arrayed by specific grant award to monitor compliance with period of availability requirements; however, documentation was incomplete in that it lacked the required percentage calculation. Program personnel contend that they are aware of the requirements and know they are in compliance based on observation of expenditures. The OER complied with period of availability requirements; however, the OER’s procedures to demonstrate compliance can be enhanced.

Questioned Costs: None

RECOMMENDATION

2012-68 Maintain documentation to better demonstrate compliance with period of availability requirements.

Finding 2012-69

CHILDREN’S HEALTH INSURANCE PROGRAM – CFDA 93.767

Federal Award Agency: Department of Health and Human Services

Award Years: Federal Fiscal Years 2010-2011 and 2011-2012

Federal Award Numbers: 1105RI5021 and 1205RI5021

MEDICAID CLUSTER:

Medical Assistance Program – CFDA 93.778

Federal Award Agency: Department of Health and Human Services

Award Years: Federal Fiscal Years 2010-2011 and 2011-2012

Federal Award Numbers: 1105RI5MAP and 1205RI5MAP

Administered by: Executive Office of Health and Human Services (EOHHS)

PROVIDER ELIGIBILITY AND SUSPENSION AND DEBARMENT

Federal regulations relating to Provider Eligibility and Suspension and Debarment require that all providers, as a condition of enrollment in the Medicaid Program, complete and provide certain documentation which includes certifications regarding suspension and debarment, provider applications, and evidence of current professional licensure. EOHHS has delegated, to its fiscal agent, the

Finding 2012-65 – Corrective Action

2012-65a

The department will strengthen controls by reviewing cost allocation and monitor compliance with earmarking.

2012-65b

The department will seek direction from our federal officers to determine whether to re-open prior year reports to correct funds that were reported in the incorrect federal fiscal year.

2012-65c

The department will improve monitoring practices to spend up to the amount awarded in the appropriate quarter of the federal fiscal year.

Anticipated Completion Date: September 2013

Contact Person: Jennifer Pate, Financial Management Administrator
Phone: 401.462.1586

Finding 2012-66 – Corrective Action

2012-66a

Accepted. The LIHEAP and Weatherization Programs were officially transferred to the Department of Human Services effective February 3, 2013 and a plan has been developed to coordinate monitoring visits with other closely related programs.

2012-66b

Accepted. A procedure will be developed to adequately follow-up with subrecipients relating to any deficiencies noted during on-site monitoring reviews.

2012-66c

Accepted. An additional appendix to the agreement with one subrecipient with significant audit findings and continues to closely monitor the progress of the agency.

Anticipated Completion Date: February 2013

Contact Person: Deborah Anthes, Program Services Officer - DHS
Phone: 401.462.6835

Finding 2012-67 – Corrective Action

2012-67a

Accepted. Beginning with the 2013 heating season, the funding that is released to the Community Action Agencies is based on their prior two week performance.

2012-67b

Accepted. Sub-recipients are required to submit a weekly funds status summary to allow for closer monitoring of cash needs.

Anticipated Completion Date: October 2013

Corrective Action Plan - Findings Included in 2012 Single Audit Report

Contact Person: Terri Brooks, Administrator – Financial Management, OER
Phone: 401.574.9107

Finding 2012-68 – Corrective Action

Accepted. The Office of Energy Resources maintains a spreadsheet with data from the state's accounting system that is updated monthly. A summary sheet will be added summarizing expenses and obligations against total authorized allotment.

Contact Person: Terri Brooks, Administrator – Financial Management, OER
Phone: 401.574.9107

Finding 2012-69 – Corrective Action

The re-validation process of all active providers was completed on October 31, 2012. All new enrollments are in compliance with ACA disclosure requirements. EOHHS believes that we are now in compliance with the federal requirements for Provider Eligibility and Suspension and Debarment.

Anticipated Completion Date: Complete

Contact Person: Ralph Racca, Administrator
Phone: 401.462.1879

Finding 2012-70 – Corrective Action

Quarterly Statements of Expenditures- Program Expenditures: EOHHS recognizes the need to streamline the process from an operational standpoint and has been begun working with our fiscal agent on enhancements to the MMIS system to allow for an interface with RIFANS.

Anticipated Completion Date: December 2013

Contact Person: Alda Rego, Chief Financial Officer
Phone: 401.462.1834

Quarterly Statements of Expenditures- Administrative Expenditures: It was previously agreed at a meeting between Medicaid Staff and Accounts and Control that EOHHS would develop a reconciliation process for Medicaid administrative costs for future quarters to ensure that what is reported to CMS for the quarter reconciles to what is recorded in the General Ledger. The amount reported to CMS each quarter is based on the actual results of the quarterly cost allocation plan and a "true-up" journal entry is booked in the next quarter to adjust the General Ledger to the CAP results. Therefore, there will always be reconciling items when the balance on the CMS reports is compared to the General Ledger at the end of a quarter. The reconciliation should identify these variances and cross reference them to the journal entries that are posted in the subsequent quarter to bring the General Ledger into agreement with the CAP results. Accounts and Control would work with DCYF to develop a process to reconcile their Medicaid administrative accounts to the General Ledger quarterly. They process their administrative costs in a similar fashion to DHS and a reconciliation can be developed. For other agencies that charge administrative costs, what is recorded on the CMS forms are amounts from the General Ledger, so there should be no variances for these administrative costs. There should be a step added to this process to tie the amounts submitted by these agencies to the General Ledger.