

ATTACHMENT 5
PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT TEMPLATE
 Low Income Home Energy Assistance Program (LIHEAP)
 State of Tennessee

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 Tennessee, Tennessee Housing Development Agency		Date/Fiscal Year: 08/30/13/FY2014	
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
During FY 2010 the Internal Audit/Program Review staff noted the following findings with questioned costs during the DHS annual monitoring visits: 1. One Contract Budget column of the March 31, 2010, Invoice for Reimbursement contained incorrect data. 2. Priority points were incorrectly accessed to one client in our sample. 3. One applicant was ineligible	DHS stated that findings have been addressed and resolved. THDA will work with subgrantees and our federal partner to identify opportunities for improvement and will implement new strategies throughout the program year, as they are identified.		The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.

<p><i>for benefits due to the family's income being over 125% of the federal poverty income guidelines.</i></p> <p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p> <p><i>4. The priority points for one applicant were incorrectly determined resulting in the individual being ineligible for the benefits awarded.</i></p> <p><i>5. One crisis application was not processed timely.</i></p> <p><i>6. One ineligible client was provided service.</i></p>			
<p><i>7. An incorrect energy burden was calculated for three clients.</i></p> <p><i>8. One agency did not consistently notify participants of their eligibility in a timely manner.</i></p> <p><i>9. Two personnel files did not contain documentation of the required annual training. (Title VI training).</i></p> <p><i>10. The agency did not provide energy conservation education to the customer.</i></p>			
<p><i>During FY 2011 the Internal Audit/Program Review staff noted the following findings with questioned costs during the DHS annual monitoring visits:</i></p> <p><i>1. One agency is computing the indirect cost applied to each contract using budget figures rather than actual costs.</i></p> <p><i>2. One agency overstated administrative costs for the first and second quarter.</i></p> <p><i>3. One agency paid clients an incorrect benefit level amount.</i></p> <p><i>4. The eligibility points for one client were recalculated and</i></p>			

<p><i>resulted in a lower eligibility category when the applicant was reclassified from "energy assistant" to "crisis assistant". There was no documentation in the file to explain the basis for the reclassification.</i></p> <p><i>5. One client who received energy crisis assistance did not meet the eligibility criteria.</i></p> <p><i>6. Crisis clients were not awarded correct payment amounts.</i></p> <p><i>7. One agency charged the program \$14,622.32 for the occupancy expense.</i></p>			
<p><i>\$3,077.13 was charged to occupancy for Support Services Work for the administrative and direct program component of the LIHEAP program which is not considered to be an occupancy line item.</i></p> <p><i>8. One agency charged the administrative program \$73.00 and the outreach program \$73.00 for equipment rental and maintenance. There were no equipment rental charges on the general ledger for the administrative or outreach program.</i></p> <p><i>9. One agency paid clients an incorrect benefit level amount.</i></p> <p><i>During FY 2011 the Comptroller of the Treasury staff noted the following finding with questioned costs during the DHS annual monitoring visits:</i></p> <p><i>The Department of Human Services did not ensure the subrecipients followed the federal laws and regulations and the department's state plan for the Low-Income Home Energy</i></p>			

Assistance Program, resulting in federal questioned costs totaling \$1,150,550 and increased risk of fraud, waste, abuse, and additional noncompliance.

During FY 2012 the Internal Audit/Program Review staff noted the following findings with questioned costs during DHS annual monitoring visits:

- 3 Agencies did not submit quarterly reports
- 1 Agency was reimbursed for services not performed
- 3 Agencies did not follow proper Invoice procedure resulting in questioned costs of \$50 for one agency
- 1 Agency did not properly categorize object line items in the amount of \$874.73
- 3 Agencies failed to follow correct Invoice for Reimbursement procedure
- 3 Agencies failed to maintain adequate supporting documentation.
- 1 Agency payroll records showed an employee who worked on a CSBG program was charged to the LIHEAP program
- 2 Agencies: We could not determine if the agency verified that its vendors have been suspended or debarred
- 2 Agencies: Crisis energy assistance was not provided timely
- 2 Agencies failed to follow the approved cost allocation plan

<ul style="list-style-type: none"> 1 Agency failed to follow proper time sheet procedure 			
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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>This is the first year THDA will administer the LIHEAP program in Tennessee. THDA will complete fiscal monitoring and program monitoring as described in our federal application. Agencies are subject to single audit requirements and will also be monitored by THDA.</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>The following information is posted on the State of TN website in multiple locations for each program: Since October 1983, the Department of Audit has provided a toll-free hotline for reporting fraud, waste, and abuse of government funds and property. Periodicals throughout Tennessee publish information to alert citizens to the hotline and to encourage them to report wasteful, inefficient, or fraudulent activities. In addition, all state agencies, as well as those agencies receiving community grant funds, are required to display in a prominent place signs calling attention to the hotline. Calls to the hotline have concerned allegations of abuse or fraud and requests for assistance or information. The substantive calls, relating to abuse or fraud, concerned a wide range of entities, including municipalities, counties, and state agencies and departments. In the event of non-substantive calls, such as requests for tax information, the caller is referred to the appropriate agency or department. If You Observe An Agency Director Or Employee Engaging In Any Activity Which You Consider To Be Illegal, Improper, Or Wasteful, Please Call The State Comptroller's Toll-Free Hotline. 1-800-232-5454</p> <p>The following deficiencies were cited in FY2012 DHS program monitoring:</p> <ul style="list-style-type: none"> • 3 Agencies did not submit quarterly reports • 1 Agency was reimbursed for services not performed • 3 Agencies did not follow proper Invoice procedure 	<p>THDA will require supporting documentation with all invoices presented for reimbursement. Each payment will be reviewed by THDA staff for reasonableness and compliance with federal and/or state guidelines in both the program and fiscal area.</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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- 1 Agency did not properly categorize object line items
- 3 Agencies failed to follow correct Invoice for Reimbursement procedure
- 3 Agencies failed to maintain adequate supporting documentation.
- 1 Agency payroll records showed an employee who worked on a CSBG program was charged to the LIHEAP program
- 2 Agencies: We could not determine if the agency verified that its vendors have been suspended or debarred
- 2 Agencies: Crisis energy assistance was not provided timely
- 2 Agencies failed to follow the approved cost allocation plan
- 1 Agency failed to follow proper time sheet procedure

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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
SAVE procedures were put in place July 2013 by the Department of Human Services.	THDA will continue the federal requirement for FY 2014. A copy of the memo regarding SAVE implementation is attached and will remain in effect.		<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
<i>THDA requires that social security numbers of all household members are verified by viewing the social security card, IRS statement, tax returns, and/or the States case management and eligibility system (currently ACCENT). Files in ACCENT are matched against federal records for accuracy.</i> <i>Applicants are required to provide documentation of social security numbers for each member of the household. Clients that refuse to provide social security numbers will be ineligible for LIHEAP services.</i>	<i>THDA is in the process of negotiating with the software vendor that all subgrantees, except one, use to capture LIHEAP data. The system will help to identify SSN anomalies.</i>		<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><i>The State currently allows LIHEAP agencies limited access to the State case management and eligibility system (ACCENT). ACCENT is maintained by the Department of Human services and is used to determine eligibility for TANF, food stamps (SNAP), and medicaid. ACCENT does match against SSA data, State birth records, and labor and workforce development data. DHS workers are required to verify SSN's.</i></p>	<p>THDA will continue to have access to ACCENT, and will use the system to check against records provided by the client and documented in ACCENT. This will provide an additional check for verification of SSN's.</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>The State matches labor and workforce data in the States case management and eligibility system (ACCENT) for individuals receiving benefits such as TANF, food stamps (SNAP) and medicaid. The Community Service Agencies have access to view employment records that have been verified through this system.</p>	<p>THDA will continue to utilize the ACCENT system for verification of income. In addition existing policies regarding the treatment of income will be used to verify income.</p>	<p>THDA will not negotiate with new hire at this time for verification purposes. The rules defined for verification of income and the check against ACCENT are effective. Policy regarding income is below:</p> <p>DEFINITION OF INCOME:</p> <p>Income is cash receipts earned and/or received by the applicant household before taxes. Information regarding allowable exclusions can be found in the next section.</p>	<p><i>Effective income determination achieved through coordination across program lines.</i></p>

Cash Receipts Include:

- Wages and Salaries before **any** deductions:
- Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses)
- Regular payments from social security*, TANF, railroad retirement, unemployment compensation, strike benefits from union funds, workers compensation, veteran's payments, training stipends, alimony, child support, regular adoption assistance, and military family allotments or regular support from an absent family member or someone not living in the household
- Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments
- College or university scholarships, grants, fellowships or assistantships
- Dividends and/or interest
- Net rental income and net royalties
- Periodic receipts from estates or trusts; and
- Net gambling or lottery winnings
- Black Lung benefits will be considered income except for the first \$20 of each monthly benefit.

* **Note:** Medicare premiums for SSA are not excluded. The gross

		<p>amount of Social Security Benefits is counted.</p> <p>Exclusions:</p> <p>The following Cash Receipts are not considered sources of Income for the purposes of determining applicant eligibility:</p> <ul style="list-style-type: none">• Utility allowances provided to public housing and Section 8 tenants• Capital gains• Any assets drawn down as withdrawals from a bank• Money received from the sale of a property, house, or car;• One-time payments from a welfare agency to a family or person who is in temporary financial difficulty;• Tax refunds;• Gifts, loans or lump-sum inheritances• One-time insurance payments, or compensation for injury;• Non-cash benefits, such as the employer-paid or union-paid portion of health insurance;• Employee fringe benefits, food or housing received in lieu of wages• The value of food and fuel produced and consumed on farms;• The imputed value of rent from owner-occupied non-farm or farm housing;• Federal non-cash benefit programs such as Medicare*, Medicaid, Supplemental Nutrition Aid Program (SNAP), school lunches, and housing assistance;	
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- Earned income for a child under the age of 18
- Payments to Vista volunteers
- Income received under Title V of the Older Americans Act
- Direct benefits received by participants in the Foster Grandparents Program
- Education benefits received under the GI Bill
- The value of child care paid by the Department of Human Services and received by client households and;
- Combat zone pay to the military

*** Note:** Medicare premiums for SSA are not excluded. The gross amounts of Social Security Benefits are counted.

CALCULATION OF UNEMPLOYMENT INCOME

For purposes of determining eligibility for recipients of unemployment income, the number of remaining eligible weeks of unemployment income must be verified. LIHEAP applications with unemployment income cannot be denied for "over income" reason until number of eligible weeks has been established, unless other income would make household ineligible regardless of unemployment. The number of remaining weeks of eligibility for unemployment income (based on the date of the LIHEAP application) multiplied by the weekly benefit amount will be the annual income from this source. Proper documentation must be placed in the client file.

ACCEPTABLE FORMS OF INCOME VERIFICATION

Income verification must show proof of current and representative income. Current income is defined as income received within the three (3) month period of the LIHEAP application date.

- Current paycheck stubs (determine the period covered by the check and whether it is representative of usual pay) showing at least eight (8) weeks' worth of pay. If current income is not representative of usual pay, agencies are encouraged to use year-to-date amounts. When year-to-date amount is not available it is acceptable to use eight (8) weeks' worth of consecutive paycheck stubs from the period beyond the three months, as long as the reason is documented, and the period used is reasonably determined to be the most

		<p>representative of annual income.</p> <ul style="list-style-type: none">• Copies of court orders or legal documents• Current records from ACCENT on open client cases. ACCENT case must contain the same household members as LIHEAP application. If household members on ACCENT case are inconsistent with LIHEAP application, the agency cannot use ACCENT records for verification of income.• Records of county or circuit courts• Written, signed and dated statements from employer(s). Employer statement must be on official company letterhead or verified by a phone call to employer. Documentation of phone call must be included in the client file.• Copies of income tax returns for self-employed income• Records maintained by self-employed persons	
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- Award letters and/or other 'proof of income' letter from Social Security

Zero Income

After all avenues of documenting income eligibility are exhausted, self-declaration of zero income is allowable, but evidence of the attempts at proving eligibility must be contained in the client file, including a statement signed by the applicant indicating that the individual has no other proof of income.

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>All sub-grantee staff, and THDA staff are required to maintain the confidentiality of all client information.</p> <p>This is a requirement in the sub-grantee contracts and is also a requirement for access to our case management and eligibility system. Security training must be renewed each year for continued access to confidential electronic information.</p>	<p>In addition to electronic records, sub-grantees and THDA provide for secure storage of paper records.</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>The vendor is not paid until confirmation of delivery is received which includes a signed receipt from the client. A letter is issued to the client, by the sub-grantee agency, whenever a vendor is paid on their behalf. The letter indicates amount paid as well as the date of the payment.</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
Sub-grantees have agreements with providers and do not pay clients directly for unregulated services. The provider must be approved by the agency and complete the appropriate paperwork before being paid.	This policy will continue for FY14.		<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
Sub-grantees verify the authenticity of energy vendors through their internal processes and track them within a system (THO) that ensures that the vendor is registered with the agency for payment.	This process will continue in FY14.		<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>Subgrantees train staff regarding the process to determine eligibility, verify vendors, issue payments, etc. The State performs annual meetings to discuss policy and procedures. State staff are available through phone and e-mail for any question or issue that might arise.</p>	<p>Subgrantees will continue to train staff. THDA staff will be available for questions and issue resolution as needed. In addition, THDA will develop a focus group consisting of subgrantee staff and THDA staff to discuss strategies for LIHEAP enhancement and improvement.</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>Each agency must complete an annual single audit and submit the results to the State.</p>	<p>This process will continue in FY2014</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.

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