

ATTACHMENT 1
SAMPLE PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT TEMPLATE
 Low Income Home Energy Assistance Program (LIHEAP)

ABSTRACT:

HHS is requiring further detail from States on their FY2011 plans for preventing and detecting fraud, abuse, and improper payments. HHS is also requiring that States highlight and describe all elements of this FY2011 plan which represent improvements or changes to the State's FY2010 plan for preventing and detecting fraud, abuse and improper payment prevention.

State, Tribe or Territory (and grant official):
 State of Alabama

Date/Fiscal Year:
 8/20/10
 FY 2011

| RECENT AUDIT FINDINGS | | | |
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| Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2010 or the prior three years, in annual audits, State 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 FY2011. | If there is no plan in place, please explain why not. | Necessary outcomes from these systems and strategies. |
| <p><i>Dallas-Selma- Unqualified internal control over financial reporting as material weakness identified. Personnel lack technical proficiency to meet requirements of Statements of Auditing Standards. Budget Overruns-Head Start. Instances where receivables, payables, accrued expenses not recorded properly.</i></p> | <p>Dallas-Selma - High Risk-Closing Agency</p> | N/A | <p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p> |
| <p><i>Huntsville- CS Manager misappropriated funds to pay personal utility bills; terminated, funds refunded to ADECA.</i></p> | <p>Huntsville-revised policy to improve program accountability and strengthen internal control. Further segregation of duties.</p> | N/A | |
| <p><i>JCCEO-Internal control discovered abuse of LIHEAP system, employee dismissed, charges placed against employee and employee of utility company who was involved, both</i></p> | <p>JCCEO – Resolved</p> | N/A | |

convicted and sentenced, funds repaid.

COMPLIANCE MONITORING

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| <p>Describe the State's FY2010 strategies that will continue in FY2011 for monitoring compliance with State and Federal LIHEAP policies and procedures by the State and local administering agencies.</p> | <p>Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY2011.</p> | <p>If you don't have a firm compliance monitoring system in place for FY11, please describe how the State is verifying that LIHEAP policy and procedures are being followed.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p><i>On-site monitoring of files, contact vendors regarding payments, utilization of software system (FACSPRO), and SS# verification</i></p> | <p>SS# Verification FACSPRO will be fully implemented</p> | <p>N/A</p> | <p><i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i></p> |

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FRAUD REPORTING MECHANISMS

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| <p>For FY2010 activities continuing in FY2011, please describe all (a) mechanisms available to the public for reporting cases of suspected LIHEAP fraud, waste or abuse? [These may include telephone hotlines, websites, email addresses, etc.] (b) strategies for advertising these resources.</p> | <p>Please highlight any tools or mechanisms from your plan which will be newly implemented in FY2011, and the timeline for that implementation.</p> | <p>If you don't have any tools or mechanisms available to the public to prevent fraud or improper payments, please describe your plan for involving all citizens and stakeholders involved with your program in detecting fraud.</p> | <p>Necessary outcomes of these strategies and systems</p> |
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| <p><i>Fraud posters at each work site, on agency's website, and printed in quarterly newsletter; Head Start monthly newsletter; 1-800 Fraud Hotline number; phone calls and e-mails; LIHEAP Manual procedures followed for reporting suspected fraud; submitting LIHEAP Form-119 to ADECA; public service announcements, newspaper articles, flyers in waiting areas; phone calls to Food Stamp Office, utility providers, etc.; website linked to CEO's office; agency policies & procedures for process to file complaint; and educational videos</i></p> | <p>Software system (FACSPro) and Fraud Workshop</p> | <p>N/A</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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VERIFYING APPLICANT IDENTITIES

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| <p>Describe all FY2010 State policies continuing in FY2011 for how identities of applicants and household members are verified.</p> | <p>Please highlight any policy or strategy from your plan which will be newly implemented in FY2011.</p> | <p>If you don't have a system in place for verifying applicant's identities, please explain why and how the State is ensuring that only authentic and eligible applicants are receiving benefits.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p><i>Applicant must provide valid picture ID & SS cards for every HH member, Medicare/Medicaid cards, if address different, customer required to verify residency. Drivers License, state issued ID card, birth certificate, green card for aliens, verify with FACSPro. Complete family profile, verification from DHR on DHR letterhead, legal documents showing those numbers, govt. issued photo ID for members over age 18. Verify applicant's name with utility bill, mail with correct address, require proof of custody if not children of applicant.</i></p> | <p>Chief Auditor/Certified Fraud Specialist conducts verification through SSA</p> | <p>N/A</p> | <p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p> |

SOCIAL SECURITY NUMBER REQUESTS

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| <p>Describe the State's FY2011 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.</p> | <p>Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2011, or remaining the same.</p> | <p>If the State is not requiring Social Security Numbers of LIHEAP applicants and/or household members, please explain what supplementary measures are being employed to prevent fraud.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p><i>Social Security card required for each member of HH, names, ages, birth dates, legal documentation on all HH members. Picture IDs required. Agencies make copies to keep in client file. FACSPro database used to cross-reference by SSN of HH children. Family profile is maintained at agency.</i></p> | <p>The policy remains the same, standard operating procedure.</p> | <p>N/A</p> | <p><i>All valid household members are reported for correct benefit determination.</i></p> |

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CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES

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| <p>Describe if and how the State used existing government systems and databases to verify applicant or household member identities in FY2010 and continuing in FY2011. (Social Security Administration Enumeration Verification System, prisoner databases, Government death records, etc.)</p> | <p>Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY2011.</p> | <p>If the State won't be cross checking Social Security Numbers and ID information with existing government databases, please describe how the State will supplement this fraud prevention strategy.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p><i>Not currently using. Checking on this since CAAs administer program. Also awaiting further guidance from SSA, HHS, OCS</i></p> | | <p>See above. Require SS cards on all members and picture ID.</p> | <p><i>Use of all available database systems to make sound eligibility determination.</i></p> |

VERIFYING APPLICANT INCOME

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| <p>Describe how the State or designee used State Directories of new hires or similar systems to confirm income eligibility in FY2010 and continuing in FY2011.</p> | <p>Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY2011.</p> | <p>If the State won't be using new hire directories to verify applicant and household member incomes how will the State be verifying the information?</p> | <p>Necessary outcomes from these systems and strategies</p> <p><i>Effective income determination achieved through coordination across program lines.</i></p> |
| <p>Applicant must bring previous month's check stubs, UC letter/printouts from weekly claim, DHR printout, SS or SSI letters, Food Stamp Notice, bank statements for all household members; agencies work with DHR to verify. \$ 0 income must be verified; records kept by self-employed, W2s, employer written statement, proof of child support, TANF; JCCCO requires they show they have attempted to seek employment.</p> <p>Not utilizing any State Director of New Hires or similar systems at present, looking into possibility of using in the future.</p> | | | |
| PRIVACY-PROTECTION AND CONFIDENTIALITY | | | |
| <p>Describe the financial and operating controls in place in FY2010 that will continue in FY2011 to protect client information against improper use or disclosure.</p> | <p>Please highlight any controls or strategies from your plan which will be newly implemented as of FY2011.</p> | <p>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.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p>Intake worker in separate space, partitions between work spaces, conduct private interviews. Client files are locked, not accessible to public, only by authorized employees of agency. Area monitored by security cameras. Employees sign a Privacy Procedures form. Secure internet provider. Customer SSN not on batch sheet, vendor copy, or check to vendor. Computers are password protected. Client information stored in secure software system. Employees cannot discuss client info with unauthorized people. Agencies have policy addressing client confidentiality. Background checks performed on employees.</p> | <p>Continuous training on client confidentiality. Use of secure software system.</p> | <p>N/A</p> | <p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p> |

LIHEAP BENEFITS POLICY

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| <p>Describe FY2010 State policies continuing in FY2011 for protecting against fraud when making payments, or providing benefits to energy vendors on behalf of clients.</p> | <p>Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY2011.</p> | <p>If the State 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 State taking to ensure program integrity.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p>FACSPRO utilized, multiple verification, approval levels. Client must provide recent utility bill. Applications screened to ensure customers aren't receiving multiple payments by cross-reference with FACSPRO. Payments are made directly to State approved vendor. Agencies comply with "Erroneous Payments: section in LIHEAP Manual. State's yearly Income Guideline and Payment Assistance Chart utilized. Completed applications containing name and account # faxed to vendors for payments. Vendors called. Vendors verify customer bills. Payments made to approved vendors only. LIHEAP funds maintained in separate account. Multiple approvals prior to payment. If client's name not on bill, another form of proof is required to show applicant lives at the residence. Agency's Financial Policies followed. Agency's system of internal controls in place. Vendor payment requires two signatures. Software system prevents payment greater than maximum allowed. Agencies required to attend annual LIHEAP training by State. Utilize LIHEAP Manual for the administration of LIHEAP. Vendors instructed to report fraud & duplicate awards.</p> | <p>FACSPRO database. Several CAAs hold annual vendor meeting to discuss state policies, procedures, concerns. Encourage all agencies to hold Fraud Training Workshops</p> | | <p>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</p> |

PROCEDURES FOR UNREGULATED ENERGY VENDORS

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| <p>Describe the State's FY2010 procedures continuing in FY2011 for averting fraud and improper payments when dealing with bulk fuel dealers of heating oil, propane, wood and other unregulated energy utilities.</p> | <p>Please highlight any strategies policy in this area which will be newly implemented in FY2011.</p> | <p>If you don't have a firm plan for averting fraud when dealing with unregulated energy vendors, please describe how the State is ensuring program integrity.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p><i>Documentation of cost of propane gathered from all propane vendors. Vendors are encouraged to contact State to receive approval status. Wood, coal, kerosene dealers approved by local agency. Customers told to not sign the delivery if not satisfied. Agency won't pay invoice not signed by customer. Follow LIHEAP Manual procedures making payment to unregulated energy vendors. Require vendors to complete the Home Energy Supplier Agreement with the exception of wood, coal, kerosene. Complete W9. Use wood Dealer checklist. Follow-up call made. Participation will be disallowed if fraud suspected.</i></p> | | | <p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p> |
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| <p>VERIFYING THE AUTHENTICITY OF ENERGY VENDORS</p> | | | |
| <p>Describe State FY2010 policies continuing in FY2011 for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the State's procedure for averting fraud.</p> | <p>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY2011.</p> | <p>If you don't have a system in place for verifying vendor authenticity, please describe how the State can ensure that funds are being distributed through valid intermediaries?</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p><i>Only vendors approved by ADECA's LIHEAP Program utilized. Energy vendors must apply with ADECA each year and sign a State of Alabama Energy Supplier Agreement. Vendor codes are used to ensure payment made to correct vendor. Work closely with local propane dealers. Vendors instructed to report suspected or duplicate awards</i></p> | <p>Codes are utilized with FACSPRO to ensure payment is made correctly.</p> | <p>N/A</p> | <p><i>An effective process that effectively confirms the existence of entities receiving federal funds.</i></p> |

TRAINING AND TECHNICAL ASSISTANCE

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| <p>In regards to fraud prevention, please describe elements of your FY2010 plan continuing in FY2011 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 FY2011.</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><i>Chief Auditor and Certified Fraud Specialist conducts annual fraud workshops for all subgrantees. Annual workshops cover fraud abuse guidelines and how to report fraud abuse.</i></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

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| <p>Please describe the annual audit requirements in place for local administering agencies in FY2010 that will continue into FY 2011.</p> | <p>Please describe new policies or strategies to be implemented in FY2011.</p> | <p>If you don't have specific audit requirements for local administering agencies, please explain how the Grantee will ensure that LIHEAP funds are properly audited under the Single Audit Act requirements.</p> | <p>Necessary outcomes from these systems and strategies</p> |
| <p><i>Per LIHEAP grant agreement, ADECA policy provides audit copy must be submitted to Examiners of Public Accounts</i></p> | | | <p><i>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.</i></p> |

Additional Information

Please attach further information that describes the Grantee's Program Integrity Policies, including supporting documentation from program manuals, including pages/sections from established LIHEAP policies and procedures.