

**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.

<b>State, Tribe or Territory (and grant official):</b> Illinois		<b>Date/Fiscal Year:</b> FFY2011	
<b>RECENT AUDIT FINDINGS</b>			
<b>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.</b>	<b>Please describe whether the cited audit findings or relevant operations have been resolved or corrected. If not, please describe the plan and timeline for doing so in FY2011.</b>	<b>If there is no plan in place, please explain why not.</b>	<b>Necessary outcomes from these systems and strategies</b>
No LIHEAP program specific audit findings or observations have been received from internal or external reviewers. Recently, a seven state study was conducted by the US Governmental Accountability Office. A preliminary outcome of this study proposes that the US HHS issues guidance to states to better prevent fraud in LIHEAP.	DCEO continues to adapt and enhance its abilities to manage the LIHEAP effectively and efficiently. Studies such as this provide insight and positive feedback as to any concerns that may need to be addressed. It is the intention of DCEO to implement better controls regarding applications and payments on an on-going basis.	Although no findings were issued specifically to the states involved in the GAO study, Illinois is taking a proactive approach to the issues identified in this study to address some general concerns that were highlighted in the report.	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>

<b>COMPLIANCE MONITORING</b>			
<b>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.</b>	<b>Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY2011.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>Programmatic Monitoring visits occur twice per year (Initial and Annual) usually in October and in April. Training and/or Technical Assistance visits are conducted on an as-need-basis.</p> <p>The purpose of the monitoring visit is to: evaluate the overall administration and management of the program, verify the security of records and access to the state's database system called LIHEAP.net, verify the local agency's assurance 16, outreach, coordination, and customer service efforts in accordance with the Implementation Plan and the LIHEAP Procedure Manual, observe selected invoices for fiscal management such as the most recent bank reconciliation, and randomly selected Program Support costs, review randomly selected LIHEAP applicant files and, recommend, if applicable, any operational improvements to the agency's LIHEAP.</p>	<p>Programmatic Monitoring visits have been an on-going activity for many years.</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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LIHEAP Implementation Plan  
 Monitoring Tool  
 LIHEAP Procedure Manual

<b>FRAUD REPORTING MECHANISMS</b>			
<b>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.</b>	<b>Please highlight any tools or mechanisms from your plan which will be newly implemented in FY2011, and the timeline for that implementation.</b>	<b>If you don't have any tools or mechanisms available to the public to prevent fraud or improper payments, please describe your plan for involving all citizens and stakeholders involved with your program in detecting fraud.</b>	<b>Necessary outcomes of these strategies and systems</b>
<p>To report cases of suspected LIHEAP fraud or abuse, the public can call a telephone hotline. The State's Office of Executive of Inspector General administers the hotline.</p> <p>In addition, LIHEAP applicants can submit complaints to the Attorney General office.</p>	<p>The State plans adding the number of the telephone fraud hotline to the State's LIHEAP website so it can reach out more citizens.</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>
<b>VERIFYING APPLICANT IDENTITIES</b>			
<b>Describe all FY2010 State policies continuing in FY2011 for how identities of applicants and household members are verified.</b>	<b>Please highlight any policy or strategy from your plan which will be newly implemented in FY2011.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<p>All LIHEAP applicants must provide a valid Social Security Number by way of hard copy proof from the social security card itself, a letter or print out from the Social Security Administration Local Agency, or any other form of government-issued identification that shows both name and social. In addition, all applicants must provide income information and a copy of the most recent energy bill.</p> <p>Applicants with questionable social security numbers are required to provide a print-out of the social security number issued</p>			<p><i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i></p>

by the Social Security Administration local agency.			
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**SOCIAL SECURITY NUMBER REQUESTS**

Describe the State's FY2011 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 FY2011, or remaining the same.	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.	Necessary outcomes from these systems and strategies
All LIHEAP applicants must provide a valid Social Security Number by way of hard copy proof from the social security card itself, a letter or print out from the Social Security Administration Local Agency, or any other form of government-issued identification that shows both name and social.			<i>All valid household members are reported for correct benefit determination.</i>

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Procedure Manual

**CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES**

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.)	Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY2011.	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.	Necessary outcomes from these systems and strategies

<p>The State has no existing access to government systems and databases such as the Social Security Administration Enumeration Verification System, prisoner databases, Government death records, etc.</p>	<p>The State is currently under negotiations with the local Social Security Administration for gaining access to the Social Security Administration Enumeration Verification System. The State pursues giving direct access to the local agencies so applicant information can be verified at the point of intake.</p>		<p><i>Use of all available database systems to make sound eligibility determination.</i></p>
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**VERIFYING APPLICANT INCOME**

<p><b>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.</b></p>	<p><b>Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY2011.</b></p>	<p><b>If the State won't be using new hire directories to verify applicant and household member incomes how will the State be verifying the that information?</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p>The State has no current access to State Directories of new hires to confirm income eligibility.</p>	<p>The State is researching on available choices to confirm income eligibility during the time of intake.</p>		<p><i>Effective income determination achieved through coordination across program lines.</i></p>

**PRIVACY-PROTECTION AND CONFIDENTIALITY**

<p><b>Describe the financial and operating controls in place in FY2010 that will continue in FY2011 to protect client information against improper use or disclosure.</b></p>	<p><b>Please highlight any controls or strategies from your plan which will be newly implemented as of FY2011.</b></p>	<p><b>If you don't have relevant physical or operational controls in place to ensure the security and confidentiality of private information disclosed by applicants, please explain why.</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p><b>Employee and Customer Identity Policy</b>            In the performance of its legislatively mandated duties, the Department collects and utilizes a large quantity of sensitive information concerning the identities of employees, vendors, and agency customers. "Identity information" for employees includes, but is not limited to: name, address, phone number, social security number, and date</p>			<p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p>

of birth. Additionally, “identity information” for vendors includes, but is not limited to: name, address, phone number, Federal Employer Identification Number, and social security number.

Sharing information regarding economic development activities is a major function of the Department. The challenge for the Department is to utilize and share all Department information in a responsible manner. This is especially important in the case of “identity information”.

It is the policy of the Department that all employees, vendors, and customers’ “identity information” shall only be used for the purpose of conducting official state business. In no case shall Department employees, vendors, or customers use “identity information” for personal profit or entertainment.

Identity Theft – Employees, vendors, and customers with access to “identity information” are explicitly prohibited from disseminating such data if the intentional or unintentional result of their activity is “identity theft”.

Appropriate Stewardship or Identity Information – Documents and electronic media which contain “identity information” must be stored, transported, and disposed of in a secure manner.

Disciplinary Action – Employees who violate this policy are subject to disciplinary action, up to and including discharge.

Local agencies may not release the client’s name, phone number, income information, etc. Nor may it release lists of client names and addresses to other entities

including service agencies even with the best intentions. In order to protect the applicant's private information, the agencies should institute a proper plan/measures to handle sensitive information.

Electronic client data is protected in a limited access database. Local agencies can only view their own local information. Client data is further protected by limited level access and user ID and password protection.

**LIHEAP BENEFITS POLICY**

Describe FY2010 State policies continuing in FY2011 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 FY2011.	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.	Necessary outcomes from these systems and strategies
<p>All LIHEAP vendors must first sign a vendor agreement. A vendor agreement is signed with the Illinois Commerce Commission (ICC) regulated utilities before the heating season starts. A list of these vendors is provided to each agency. LIHEAP.net verifies the utility Federal Employer Identification Number (FEIN) through regular verification transactions.</p>			<p><i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i></p>

**PROCEDURES FOR UNREGULATED ENERGY VENDORS**

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.	Please highlight any strategies policy in this area which will be newly implemented in FY2011.	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.	Necessary outcomes from these systems and strategies
<p>A non-regulated vendor agreement is signed by the local agency with each utility before the heating season begins. LIHEAP.net does not allow users provide benefits on behalf of an eligible client before a vendor is added to the database system. The actual creation of the account is restricted to the Office of Energy Assistance (OEA) staff. If a new vendor signs the agreement or a change in vendor information occurs, the local agency completes the Vendor Identification Form and sends it to OEA.</p>			<p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>

**VERIFYING THE AUTHENTICITY OF ENERGY VENDORS**

<p><b>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.</b></p>	<p><b>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY2011.</b></p>	<p><b>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?</b></p>	<p><b>Necessary outcomes from these systems and strategies</b></p>
<p>All new regulated and unregulated utilities must provide a Federal Employer Identification Number (FEIN. If a new vendor signs the agreement or a change in vendor information occurs, the local agency completes the Vendor Identification Form and sends it to OEA.</p> <p>LIHEAP.net verifies the utility Federal Employer Identification Number (FEIN) number through regular verification transactions with regulated vendors.</p> <p>Local agencies also verify energy vendor’s information on the internet as another source of information.</p>			<p><i>An effective process that effectively confirms the existence of entities receiving federal funds.</i></p>

<b>TRAINING AND TECHNICAL ASSISTANCE</b>			
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	Please highlight specific elements of your training regimen and technical assistance resources from your plan which will represent newly implemented in FY2011.	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.	Necessary outcomes from these systems and strategies
		The state is currently under negotiation with several government systems and databases and will provide training to the local agencies as these resources become available.	<i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i>
<b>AUDITS OF LOCAL ADMINISTERING AGENCIES</b>			
Please describe the annual audit requirements in place for local administering agencies in FY2010 that will continue into FY 2011.	Please describe new policies or strategies to be implemented in FY2011.	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.	Necessary outcomes from these systems and strategies
Local administering agencies are required to submit an annual audit of their agency under OMB Circular A-133.	This has been an ongoing requirement of local agencies for many years.  Illinois also has fiscal monitoring staff that review the financial data and processes of local agencies, and has had for many years		<i>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.</i>

**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.