

LIHEAP PROGRAM INTEGRITY SUPPLEMENT – FFY 2011
North Dakota Department of Human Services

Recent Audit Findings

An audit by the State Auditor's Office in 2010, under the Single Audit Act, found that compliance monitoring of case files of county social service offices by the central office of the Department of Human Services (DHS) had been discontinued. As a result of the finding, the process was re-activated in June of 2010, and will continue in 2011.

The necessary outcome of this change is to provide a baseline of measurable data regarding the accuracy with which heating benefits are calculated.

Compliance Monitoring

The process reinstated in June of 2010, which will continue in 2011, consists of a random statewide sample of 10 cases per month. The case files are sent from the county office to the central state office for review. (In North Dakota, public assistance programs are administered by the counties and supervised by the state. The state, through DHS, is the LIHEAP grantee, and eligibility is determined at the county level through a centralized computer system. LIHEAP payments, which are primarily to vendors, are made from the state office.) The file review checks for policy compliance and benefit accuracy.

The necessary outcome of this process is the assurance that clients are qualified, and that they receive the benefits to which they are entitled.

Fraud Reporting Mechanisms

As part of the human service delivery system in North Dakota, LIHEAP has a visible presence in all 53 of the state's counties. In addition, DHS has a fraud hot-line, a toll-free number, and a website by which cases of suspected fraud can be reported at any time.

Verifying Applicant Identities

Section 4.b. of the State Plan for years has provided for the verification of applicant identities in any case where the information provided is questionable.

Social Security Number Requests

LIHEAP in North Dakota has always used the head of household's Social Security Number (SSN) as its primary identifier in its computer system. Several years ago, DHS also began collecting the SSN's of all of the household

members. Because of Privacy Act considerations, DHS informed applicants that providing the SSN was voluntary, but virtually all applicants complied.

If HHS directs that providing that information can no longer be voluntary, DHS will comply.

Cross-Checking Social Security Numbers against Government Systems / Databases

The following is from the DHS Administrative Manual:

The following systems are sources of information to obtain verification of benefits:

1. *The BENDEX System – This is an on-line inquiry of recipients receiving Title II benefits;*
2. *The SDX System – This is an on-line inquiry of persons in North Dakota who have had any involvement with the SSI Program (Title XVI);*
3. *The Third Party Query Procedure (TPQY) – This is an on-line method of requesting verification of Title II (SSA) and Title XVI (SSI) for applicants and recipients;*
4. *The Form 1610 System – If Social Security data or benefits information is not available from the client, BENDEX, SDX, or the TPQY system, the Social Security District Offices will honor the use of Form 1610. This form should be used selectively and only after other means of securing the data have been explored. Thus, the use of Form 1610 is basically limited to determining the following:*
 - a. *The amount of Social Security Title II benefits received during the three-month period preceding the date of application for Medicaid. The specific time period for which the data is needed must be indicated on Form 1610;*
 - b. *The amount of Social Security benefits or other data when all efforts through BENDEX, SDX, or TPQY have failed; and*
 - c. *To serve as a lead to determine potential eligibility for Social Security benefits for an individual who has never applied to the Social Security Administration. A telephone call to the Social Security District Office will also serve as a referral and eliminate the need for the Form 1610.*

To date, the "LIHEAP-only" households are problematic, in that this program operates on a separate mainframe system from the other programs. DHS is exploring technical means to allow the LIHEAP system to interface with the systems used by the other programs, to the extent allowed by law to access those programs.

Verifying Applicant Income

All income must be verified. This may be accomplished by the use of wage stubs, signed statement from an employer, Internal Revenue Service (IRS) forms, automatic bank deposit slips for social security, award letters for SSI, or other types of benefits. For clients receiving benefits from other DHS programs, the systems identified above may also be used.

DHS makes use of new hire directories in its Child Support Enforcement Division, and is exploring their use for other programs.

Privacy-Protection and Confidentiality

DHS is taking a significant step in safeguarding client's privacy in 2011 with its SSN suppression initiative. All written communications being mailed out will identify the client with a system-assigned "billing number" rather than a Social Security Number.

LIHEAP Benefits Policy

LIHEAP benefits are based on a percentage co-payment between the client and LIHEAP. The percentage for which the client is responsible is determined by the household's income, household size, type of fuel and type of dwelling. The vendor sends the household's bill directly to the DHS central office, and DHS remits payment to the vendor for the LIHEAP share. With the bill coming directly to the central office, DHS is able to review them for potential irregularities prior to any payment being made.

Procedures for Unregulated Energy Vendors

Unregulated energy vendors, primarily of deliverable fuels, tend to be located in North Dakota's rural areas. In addition to the billing procedures described above, there are also edit checks built into the computer system to spot irregularities.

Verifying the Authenticity of Energy Vendors

The great majority of LIHEAP vendors are established businesses in their communities. Vendors of fuels other than the four primary ones (natural gas, electricity, propane and fuel oil), serve about one fifth of one percent of our clients. (Wood vendors, in particular, are rare because of the dearth of trees in the state.) When a client buys fuel from one of these vendors, it is common practice for the eligibility worker to check with local sources to determine the authenticity of the vendor.

Training and Technical Assistance

Training in fraud prevention will continue as part of our training of county workers, as well as adding a module to the Department's new e-training initiative.

Audits of Local Administering Agencies

Please refer to the explanations in the first two segments of this document.