ATTACHMENT 1
Louisiana Housing Finance Agency
PROGRAM INTEGRITY ASSESSMENT
Low Income Home Energy Assistance Program (LIHEAP)

ABSTRACT:

HHS is requiring further detail from States on their FY 2011 plans for preventing and detecting fraud, abuse, and improper payments. HHS is also requiring that States highlight and describe all elements of this FY 2011 plan, which represent improvements or changes to the State's FY2010 plan for preventing and detecting fraud, abuse and improper payment prevention.

I. Recent Audit Findings

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. 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. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents.*

The LHFA is currently undergoing an audit. The most recent Financial Report for the Louisiana Housing Finance Agency (LHFA), in which the LIHEAP program was selected for review, was released by the Office of the Legislative Auditor on October 29, 2008. LHFA was audited for compliance requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133. The Independent Auditor's Report for the year ending June 30, 2008 and 2007, conducted by Duplantier, Hrapmann, Hogan and Maher, L.L.P., CPA, did not disclose any findings of material weaknesses, reportable conditions, or questions costs for the Low Income Home Energy Assistance Program (LIHEAP) – CFDA Number 93.568.

POLICY:

The following is required in accordance with LHFA contractual provisions:

1. Any local agency who expends $500,000 or more in federal funds annually is required to obtain a single audit conducted by an independent certified accountant or auditor.
2. Any local agency who expends less than $500,000 in federal funds annually is required to follow the compliance/attestation guidance offered in the Louisiana Governmental Audit Guide.
3. Local agencies are required to submit an Audit Engagement Letter to LACAP, the Louisiana Association of Community Action Partnerships, Inc., immediately upon approval by the Office of the Legislative Auditor.

4. Local agencies are required to submit an audit report to LACAP no later than six months following the close of the contractor's fiscal year.
5. LACAP will track the audit process to assure timely compliance with policy requirements. A copy of the LACAP's audit and its subgrantees' annual audit according to Circular A-133 is forwarded to LHFA for review.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.*

Any noted deficiencies/findings regarding LIHEAP and/or WAP shall be reviewed by LACAP and communicated to the agencies within 30 days receipt of the audit. LACAP will coordinate with the agencies to implement corrective actions to resolve the audit findings. LACAP will keep LHFA informed on the status of any agency that has received reportable findings regarding LIHEAP or WAP expenditures or accounting.

For FY 2011, Louisiana will continue the current policy.

II. Compliance Monitoring

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. Highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY2011. If you don't have a firm compliance monitoring system in place for FY11, describe how the State is verifying that LIHEAP policy and procedures are being followed. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

LACAP is required to conduct on-site compliance monitoring visits to ensure that provider agencies in compliance with published program guidelines. At the time of the on-site visit, monitors review agency policies regarding their adherence to federally mandated policies relative to the administration of the benefit process, which includes, but is not limited to,

1. Outreach to priority populations,

2. The written guidelines regarding how the agency handles applicants from first inquiry to the completion of the application process,

3. A review of client education material that is made available and distributed to applicants,

4. The documentation of training on the LIHEAP application process for employees,

5. Written policies that prohibits discrimination in both service delivery and agency staffing,

6. Compliance with Americans with Disability Act (ADA) regulations for both applicants and staff,

7. Prohibition of indoor smoking,

8. Compliance with Federal Minimum Wage laws,

9. Confidentiality Policy regarding client information,

10. Record Retention Policy,

11. Agency policy for resolving internal grievances and appeals by both applicants and staff.

12. LACAP shall continue to conduct on-going desktop monitoring of agency reports, including requests for payments, budget tracking and production.

13. LACAP shall monitor the rate of funding expenditures by provider agencies to insure that funds are delivered as benefits to eligible applicants in a timely and efficient manner.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.*

For FY 2011, LHFA and LACAP will continue to operate through a team approach to develop best practices and strategies for program evaluation and management.

LACAP will maintain a monitoring tracking system. LHFA will monitor LACAP and observe the monitoring and oversight process for local agencies annually.

III. Fraud Reporting Mechanisms

For FY2010 activities continuing in FY2011, 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. Highlight any tools or mechanisms from your plan which will be newly implemented in FY2011, 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, describe your plan for involving all citizens and stakeholders involved with your program in detecting fraud. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

STRATEGY:

LACAP will provide the following mechanisms to service provider agencies and the general public for reporting cases of suspected LIHEAP fraud, waste, or abuse:

Agency:

1. Standardized uniform "suspected fraud" protocols to be followed by all service providing agencies when and if they suspect application fraud. This would include fraud prevention training and forms for the collection of documents provided by an applicant suspected of fraud, including but not limited to,
    - **A.** Signed statements or documents that may be inaccurate, altered, and that are intended to mislead or misrepresent an accurate state of the applicant's financial condition.

B. Documents or statements relative to their actual vulnerability for payment of the account.

C. Statements of agency personnel that interacted with the applicant suspected of fraud. The statement will detail the date, time, and specific actions, activity or documents that led to the suspicion the applicant

General Public:

2. LACAP will add a "Report Fraud" link to the LACAP web site.
3. Information regarding fraud reporting will be provided to clients at the time of application
4. LACAP will include fraud reporting contact information as part of advertising campaigns.
5. LACAP will provide agencies with posters defining program fraud that includes a toll free number to report suspected fraud.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies- *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.*

For FY 2011, a "Report Fraud" link will be added to the LACAP website and include in the advertising campaign.

IV. Verifying Applicant Identities

Describe all FY2010 State policies continuing in FY2011 for how identities of applicants and household members are verified. Highlight any policy or strategy from your plan which will be newly implemented in FY2011. If you don't have a system in place for verifying applicant's identities, explain why and how the State is ensuring that only authentic and eligible applicants are receiving benefits. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

All LIHEAP applications must include:

1. Identities of all household members including, date of birth, gender, and social security number.

2. The head of household must provide a valid photo ID (State Driver's license, DMV issued ID Cards, or any other valid picture ID) and at least one other document addressed to the applicant at the service address as indicated on the energy bill.

3. The computerized application system tracks applicant histories, by date of application, agency, and funding allocation on a state-wide basis.

4. Any household member that appears on an application in less than the allowable time period is automatically locked by the computerized system.

5. The file must be approved by an administrator subsequent to a review. This prevents duplication of benefits for any household members that may have changed physical addresses.

6. Household members that previously received benefits in another home are removed from the application. If the applicant has previously received benefits and is not eligible for additional benefits the application is denied.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *Income and energy supplier data that allow program benefits to be provided to eligible individuals*

Louisiana began using HES, web-based software, eight years ago to manage program data and will continue to use HES for FY 2011.

V. 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. 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, explain what supplementary measures are being employed to prevent fraud. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

During intake, the applicant must provide Social Security cards for all household members. Applicants are also required to provide a SS card for any newborn to be counted. Applicants that do not have an authentic SS card can secure a duplicate from any SS office. Household members without social security cards or without documentation of cards or numbers cannot be included on the application.

Agencies are required to include in the applicant's file, a copy of each household member's social security card.

CAPs are also required to include this information in their outreach materials.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies. *All valid household members are reported for correct benefit determination.*

For FY 2011, Louisiana will continue to use the current policy. This policy has allowed Louisiana to verify SS numbers and accurately input the data into the database so that the system could detect duplication. The system will also detect if an applicant list a household member that has already been counted in another household.

VI. Cross-Checking Social Security Numbers against Government Systems/Database

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.) 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, describe how the State will supplement this fraud prevention strategy. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

STRATEGY:

The State will not cross check Social Security number and identification information using government databases.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *Use of all available database systems to make sound eligibility determination.*

For FY 2011, agencies will continue to accept government produced documents in the possession of the applicant that provides proof of identification and verifies the social security number of the applicant and other household members.

VII. Verifying Applicant Income

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. Highlight any policies or strategies for using new hire directories which will be newly implemented in FY2011. 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? *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

Sub-recipients shall adhere to the following guidelines in determining a household's income. The information collected by the sub-recipient shall be entered into the HES computer database and the HES system will determine the monthly income.

A. Verifying Income

Income must be verified by any **one** of the following:

1. Last **four consecutive** check stubs
2. Last **two, consecutive** check stubs if the applicant's income is stable
3. Last **two consecutive** check stubs if the applicant recently began work and does not have four check stubs
4. Food Stamp certification letter or printout dated within 30 days of application date (must have a certification date on the letter)
5. A completed **Verification of Employment (VOE)** (LIHEAP Form #10) from the applicant's employer
6. **Self-Employment.** Self-employed applicants must provide the most recent federal income tax return with all accompanying schedules. If self-employment recently began and no federal return has been filed, the applicant must provide a written statement attesting to monthly earnings and losses.
7. **Termination**. If an applicant is recently terminated, do not consider his or her last check stubs in determining income. The applicant is considered to have zero income. Verification of termination is **required** and must be included in the file.

B. Calculating Average Income

- The applicant's average income is calculated using the gross amount from each pay period.
- If earnings fluctuate greatly, determine if the fluctuation is due to an unusual circumstance (e.g., death, substituting for a co-worker, Christmas bonus). If so, exclude the pay stub when calculating the average. Decisions to exclude pay stubs must be **clearly documented** in the applicant's file.
- If the fluctuation occurs regularly (e.g., overtime, shift work), include it when calculating the average. A fluctuation can be considered regularly occurring if it appears on at least two of four consecutive check stubs.
- It may be necessary to contact the applicant's employer to determine if the fluctuation is unusual or regularly occurring.

C. Conversion Methodologies

Based on how frequently the applicant is paid, average income must be converted to monthly income using the appropriate conversion factor. The conversion factors are listed below:

Frequency of Pay	Conversion Factor
Weekly	Multiply by 4.333
Biweekly (every other week)	Multiply by 2.167
Twice a month	Multiply by 2
Annually	Divide annual income by 12

D. Verifying Unearned Income

- Each applicant must be questioned regarding **unearned income**. Unearned income includes, but is not limited to, alimony, retirement benefits, worker's compensation, supplemental security income (SSI), and interest payments.
- Documentation of unearned income includes, but is not limited to, award letters, annuity letters, court judgments, current bank statements, and copies of recent checks.

E. General Information

- **Fraud Prevention.** Intake workers are required to recite the following statement to all applicants **prior** to the start of the application process. "You will be subject to criminal prosecution under Title 18 of the U.S. Code if you knowingly give false, incorrect, or incomplete information during this application process in order to obtain assistance."
- **Zero Income.** If an applicant reports zero income, determine how household expenses are paid and document the file with an affidavit.
- **Household Income**. All household members' income should be verified and documented.
- If an applicant is deemed eligible for LIHEAP, he or she is income eligible for WAP and vice versa. This applies only to 'income eligibility' as other eligibility requirements exist for WAP.
- An applicant's eligibility for food stamps, supplemental security income (SSI), TANF cash assistance, or Veteran's benefits **must not** be considered in determining eligibility for LIHEAP or WAP.
- Any deviations from these guidelines must be approved in writing by the program, director of LHFA.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *Effective income determination achieved through coordination across program lines.*

For FY 2011, Louisiana will continue the current policy.

VIII. Privacy-Protection and Confidentiality

Describe the financial and operating controls in place in FY2010 that will continue in FY2011 to protect client information against improper use or disclosure. Highlight any controls or strategies from your plan which will be newly implemented as of FY2011. If you don't have relevant physical or operational controls in place to ensure the security and confidentiality of private information disclosed by applicants, explain why. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

A Louisiana's confidentiality law, R.S. 46:56, applies to all case records kept by state agencies and private and public service contractors.

In order to release client information, sub-recipients must have prior written consent. Page Two of the HES application contains the authorization to release client information. This form must be signed by the client and maintained in the client's case record. This information should be completed and signed at the time of the request to assure clients are aware of the information being sent.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.*

For FY 2011, Louisiana will continue the current policy. All agency employees are trained and instructed on confidentiality requirements regarding applicants. All agencies are required to adopt and utilize confidentiality rules in their personnel policy and procedure manuals to safeguard all program records.

IX. 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. 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. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

Subgrantees will issue payments to energy vendors on behalf of eligible households.

1. Income qualified applicants are encouraged to apply for services on a first come first served basis every six months. The computerized application system tracks client history

by household and by social security numbers to prevent duplicate or improper benefit payments.

2. An eligible household can receive only one crisis assistance benefit during a 12-month period.
3. All benefits are electronically calculated by the computerized application system using pre-determined parameters and a formula.
4. Households with one or more members of the targeted priority group will receive one additional payment of $100. The targeted priority groups are: persons 60 years or older, disabled, or five years old or younger.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.*

For FY 2011, Louisiana will continue the policy.

X. 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 un-regulated energy utilities. 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, describe how the State is ensuring program integrity. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

Unregulated Energy Vendors are not included as LIHEAP energy providers.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *Participating vendors are thoroughly researched and inspected before benefits are issued.*

XI. Verifying the Authenticity of Energy Vendors

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. Highlight any policies for verifying vendor authenticity which will be newly implemented in FY2011. If you don't have a system in place for verifying vendor authenticity, describe how the State can ensure that funds are being distributed through valid intermediaries? *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

All vendors are required to sign an Assurance of Vendor Compliance agreement to receive LIHEAP benefit payments from the contractor on behalf of eligible participant households.

The vendor agrees to the following assurances:

1. To credit a valid account on behalf of the LIHEAP applicant, and return to the contractor energy assistance benefits, which are not creditable to a valid account on behalf of the LIHEAP applicant.
2. Vendor shall charge each eligible participant household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the home energy assistance payment made by the contractor.
3. Vendor gives assurance that no household receiving home energy assistance shall be treated any differently because of such assistance under applicable provision of State Law or public regulatory requirements;
4. Vendor give assurance not to discriminate, either in the cost of the goods supplied or the services provided, against the eligible household on whose behalf payment is made.

This assurance is binding on the vendor, its successors, transferees, and assignees and the person or persons whose signatures appear as the duly authorized signatory of the vendor.

The vendor data is entered into the computerized application system at the state level.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *An effective process that effectively confirms the existence of entities receiving federal funds.*

Louisiana will continue the current policy.

XII. Training and Technical Assistance

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. Highlight specific elements of your training regiment 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, describe your strategy for ensuring all employees understand what is expected of them and what tactics they are permitted to employ. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

STRATEGY:

LACAP, as program administrator, shall provide mandatory compliance training for all subgrantee agencies. Training will be divided into three categories:

TRAINING:

1. Training for new hire employees (12 times annually) conducted at the LACAP Training Center

2. General training for all input employees. Training will be conducted at both the LACAP Training Center and on-site at the agency during on-site monitor visits if necessary.

3. Executive Training for LIHEAP Administrators and Executive Directors are conducted quarterly during Association meetings and/or during the Annual Association Conference. Executive Training will cover significant program related information, for example, upcoming

funding increases or decreases and other LIHEAP/WAP information pertinent to program administration.

TECHNICAL ASSISTANCE:

1. LACAP will continue its efforts to expand program participation for previously un-served eligible participants through various multi media advertising campaigns including print media with flyers and brochures, newspapers, bill boards, radio and television commercials that include program eligibility

2. LACAP will continue to provide technical assistance and program support to agencies as necessary to facilitate efficient and effective use of the computerized application processing system.

3. LACAP will continue to provide agencies with equipment upgrades, i.e. computers, printers, document scanners, and software licenses, i.e., Adobe, Laserfiche, or other productivity tools, to enable them to work efficiently in the delivery of services.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.*

Implementation of the strategy began in FY 2010 and will continue for FY 2011.

XIII. Audits of Local Administering Agencies

Describe the annual audit requirements in place for local administering agencies in FY2010 that will continue into FY 2011. Describe new policies or strategies to be implemented in FY2011. If you don't have specific audit requirements for local administering agencies, explain how the Grantee will ensure that LIHEAP funds are properly audited under the Single Audit Act requirements. *Provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents*

POLICY:

It is the policy of the Agency (LHFA) that providers of services under contract or provider agreement comply with federal and state laws and regulations requiring an audit of the provider's operations as a whole or of specific program activities. The required audit must be conducted by an independent Certified Public Accountant or the Legislative Auditor of the State of Louisiana. The audit engagement letter approved by the Legislative Auditor's office must be submitted to LACAP no later than 60 days prior to the end of the audit period or the provider's fiscal year. The audits are required to cover all funds and fun. The required audit reports must be submitted to LACAP within 30 days of the completion of the audit but not later than 6 months following the end of the audit period.

LHFA, LACAP and the provider will systematically work together to resolve any findings contained in the audit report, including, as necessary, the recovery of disallowed costs and/or questioned cost that cannot be justified.

Sanctions may include suspending payments, up to terminating the contract or agreement.

LHFA responsibility to ensure effective implementation of the policy includes:

1. Forwarding a copy of the audit reports to LHFA Internal Audit Department for review and assistance in identifying the necessary actions to clear audit findings.
2. Maintain a listing of all audit reports and the due dates to generate a status report to Department administrators on a monthly basis.
3. LHFA Internal Audit Department may consult with the independent auditor concerning circumstances that warrant further clarification and review.
4. The Energy Department will notify LACAP by email, if further actions are necessary to clear any audit findings, to communicate with the provider. LHFA will follow-up and track until a resolution is achieved.

The Date/Fiscal Year for the necessary outcomes from these systems and strategies - *Reduce improper payments; maintain local agency integrity, and benefits awarded to eligible households.*

Louisiana will continue the current policy.

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.