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**LOW INCOME HOME  
ENERGY ASSISTANCE**

**U.S. Department of Health and Human  
Services  
Administration for Children and  
Families  
Office of Community Services  
Division of Energy Assistance  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447**

**Action Transmittal**

<http://www.acf.hhs.gov/programs/ocs/liheap>

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**Transmittal No. LIHEAP-AT-2010-6**      **Date: May 5, 2010**

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**To:** Low Income Home Energy Assistance Program (LIHEAP) Grantees and Other Interested Parties

**Subject:** **Plan Supplement Required for Fiscal Year (FY) 2011:** LIHEAP Program Integrity Plan – Application for LIHEAP Funding

**Related**

**References:** Presidential Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, issued November 23, 2009. Low Income Home Energy Assistance Act, as amended Title XXVI of Public Law 97-35), as amended; the Omnibus Budget Reconciliation Act of 1981; Federal Regulations at 45 CFR 96.84; Information Memorandum, LIHEAP-IM-2010-5, dated March 25, 2010

**Purpose:** To provide LIHEAP Grantees with the Model Plan format for use in submitting additional information on plans and strategies for ensuring program integrity. **This information is required as a supplement to the FY 2011 State Plan, which is due to HHS on September 1, 2010.**

**Background:**

States, Territories, and Tribes/Tribal Organizations (Grantees) that wish to receive LIHEAP funds must submit an application, or State Plan, to the U.S. Department of Health and Human Services (HHS) to receive funds each year. On March 25, 2010, The Office of Community Service transmitted to Grantees the LIHEAP State Plan Application requirements for fiscal year 2011 funding, which is due September 1, 2010.

The LIHEAP block grant regulations at 45 CFR 96.84(c) discusses the prevention of waste, fraud and abuse, and provides that:

*Grantees must establish appropriate systems and procedures to prevent, detect and correct waste, fraud and abuse in activities funded under the low-income home energy assistance program. The systems and procedures are to address possible waste, fraud and abuse by clients, vendors, and administering agencies.*

Under prior guidance, the senior responsible official in the States, Tribes or Territories (e.g., Secretary of Social Services or similar agency) was required to affirm in the State Plan that the Grantee will uphold all rules, regulations, and

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policies associated with the LIHEAP program. One of the 16 assurances is that Grantees have in place policies that address waste, fraud and abuse.

Presidential Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, issued in November 2009, encourages Federal agencies to take deliberate and immediate action to eliminate fraud and improper payments. As part of the review of programs subsequent to this executive order, HHS has determined that additional information from each administering agency is necessary to assess LIHEAP Grantees' measures in place to deter or address waste, fraud and abuse in this critical energy program.

**Content:**

HHS is committed to working with its State and local partners to ensure that LIHEAP program resources are effectively reaching the vulnerable low-income households the program is intended to serve. As such, HHS seeks to ensure that effective preventive controls, fraud detection, monitoring, and prosecution systems exist at all levels of the program's administration to prevent improper payments, fraud, waste or abuse.

**In this Action Transmittal, HHS requests that States supplement their FY 2011 State Plan with a "LIHEAP Program Integrity Assessment and Plan."**

Grantees must specifically address how the plan will address key elements of an effective fraud prevention system. Attachment 1 provides a framework and checklist that States may use to provide this information. While LIHEAP grantees are not required to use the Model Plan format, the format that is submitted must include all of the information requested in the Model Plan.

All LIHEAP grantees – including those scheduled to submit an abbreviated LIHEAP plan for FY 2011 – must submit a **LIHEAP Program Integrity Assessment and Plan** as outlined by this supplement. The LIHEAP grantee's plan will not be certified as complete if this additional information is omitted from the application or the plan is not described in sufficient detail.

LIHEAP grantees should examine and describe their planned FY11 procedures for LIHEAP program integrity and specifically outline actions or procedures which were not part of the State plan in FY10, but which will be implemented in FY11.

A sound program integrity plan should address the following areas:

- **Prevention** – Steps the State takes to ensure that LIHEAP payments are made on behalf to eligible households only, and that payments are received by eligible vendors, that is, vendors that have or will provide heating or cooling-related energy to the households found eligible for assistance.
- **Detection** – Planned strategies for monitoring payments and identifying improper payments, administrative errors, or fraudulently administered fund;
- **Correction** – Executing immediate action to make program repairs if program integrity has been compromised;
- **Prosecution** – Reporting of abuses to law enforcement officials.

OCS will look for descriptions in the Grantee's LIHEAP Program Integrity Assessment and Plan that clearly address the key elements of a sound integrity plan, and are particularly interested in the Grantee's efforts with respect to:

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- Applicant and household verification measures for identity (including the use of Social Security Numbers in applications) and income employed by the State and its local administering agency;
- The controls that exist that all recorded transactions actually occurred, are valid in relation to the applicant household, and were properly approved in accordance with the State's eligibility and authorization policy;
- Energy vendor authenticity measures are employed by the State and its local administering agency; and
- Policies and procedures are in place by the responsible State agency and local administering agencies that assess and deter improper payments, including via the prosecution of cases of improper payments made due to fraud or abuse.

**Instructions for Completing the Supplement**

The attached framework provides categories under which descriptions are requested. Within each category, there are 3 columns for Grantees to provide their responses. You are asked to provide complete descriptions under each of the columns in response to the specific questions in each of these categories. The fourth column provides the expected outcomes and strategies identified for each category, which may help guide Grantees in their responses. While this model format is not required, the information requested is necessary to discern the State's Plan is complete.

**Deadline for Submission**

The FY 2011 LIHEAP Plan and the Plan Supplement on program integrity are due to HHS on September 1, 2010. The plan will not be certified as complete and an FY 2011 grant will not be awarded until all of the information required for completeness is received (including the supplement).

**Attachments:**

(1) LIHEAP Program Integrity Assessment and Plan

**Submissions to:**

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Division of Energy Assistance  
Office of Community Services  
370 L'Enfant Promenade, S.W.  
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Yolanda J. Butler, Ph.D.  
Acting Director  
Office of Community Services

**ATTACHMENT 1**

**SAMPLE PROGRAM INTEGRITY ASSESSMENT AND PLAN 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>			<b>Date/Fiscal Year:</b>
<b>RECENT AUDIT FINDINGS</b>			
Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2010 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
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i>			The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.
<b>COMPLIANCE MONITORING</b>			
Describe the State's FY2010 strategy for monitoring compliance with State and Federal LIHEAP policies and procedures by the State and local administering agencies.	Please 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, please describe how the State is verifying that LIHEAP policy and procedures are being followed.	Necessary outcomes from these systems and strategies
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i>			A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.

<b>FRAUD REPORTING MECHANISMS</b>			
For FY2010, 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 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, please describe your plan for involving all citizens and stakeholders involved with your program in detecting fraud.	Necessary outcomes of these strategies and systems
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</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.
<b>VERIFYING APPLICANT IDENTITIES</b>			
Describe FY2010 State policy 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 FY2011.	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.	Necessary outcomes from these systems and strategies
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i>			Income and energy supplier data that allow program benefits to be provided to eligible individuals.
<b>SOCIAL SECURITY NUMBER REQUESTS</b>			
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
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i>			All valid household members are reported for correct benefit determination.

<b>CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES</b>
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<p>In FY2010, describe if and how the State used existing government systems and databases to verify applicant or household member identities. (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>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i></p>			<p>Use of all available database systems to make sound eligibility determination.</p>
<p><b>VERIFYING APPLICANT INCOME</b></p>			
<p>Describe how the State or designee used State Directories of new hires or similar systems to confirm income eligibility in FY2010?</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 that information?</p>	<p>Necessary outcomes from these systems and strategies</p>
<p><i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i></p>			<p>Effective income determination achieved through coordination across program lines.</p>
<p><b>PRIVACY-PROTECTION AND CONFIDENTIALITY</b></p>			
<p>Describe the financial and operating controls in place in FY2010 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><i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i></p>			<p>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</p>

<b>LIHEAP BENEFITS POLICY</b>			
<b>Describe FY2010 State policies for protecting against fraud when making payments, or providing benefits to energy vendors on behalf of clients.</b>	<b>Please highlight any fraud prevention efforts relating to making payments or providing benefits which will be newly implemented in FY2011.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i>			<i>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</i>
<b>PROCEDURES FOR UNREGULATED ENERGY VENDORS</b>			
<b>Describe the State's FY2010 procedures for averting fraud and improper payments when dealing with bulk fuel dealers of heating oil, propane, wood and other unregulated energy utilities?</b>	<b>Please highlight any strategies policy in this area which will be newly implemented in FY2011.</b>	<b>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.</b>	<b>Necessary outcomes from these systems and strategies</b>
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i>			<i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i>
<b>VERIFYING THE AUTHENTICITY OF ENERGY VENDORS</b>			
<b>Describe State FY2010 policies for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the State's procedure for averting fraud.</b>	<b>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY2011.</b>	<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>	<b>Necessary outcomes from these systems and strategies</b>
<i>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i>			<i>An effective process that effectively confirms the existence of entities receiving federal funds.</i>

<b>TRAINING AND TECHNICAL ASSISTANCE</b>			
<p>In regards to fraud prevention, please describe your FY2010 plan 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>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</i></p>			<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>
<b>AUDITS OF LOCAL ADMINISTERING AGENCIES</b>			
<p>Please describe the annual audit requirements in place for local administering agencies in FY2010, and what requirements 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>* please provide full descriptions of the State's plans and strategy in this area, and attach/reference excerpts from relevant policy documents</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.

THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

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