

ATTACHMENT 1
PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT
 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): MICHIGAN			Date/Fiscal Year: 2011
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.	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

The most recent Single Audit states in part:
Low-Income Home Energy Assistance, CFDA 93.568

U.S. Department of Health and Human Services	CFDA 93.568 Low-Income Home Energy Assistance
Award Number:	Award Period:
G 06 B1 MILEA	10-1-2005 - 9-30-2008
G 07 B1 MILIEA	10-1-2006 - 9-30-2008
G 07 01 MILIE2	10-1-2006 - 9-30-2008
G 08 B1 MILEA	10-1-2007 - 9-30-2009
	Questioned Costs: \$3,842

DHS's internal control over the Low-Income Home Energy Assistance Program (LIHEAP) did not ensure its compliance with federal laws and regulations regarding activities allowed or unallowed; allowable cost/cost principles, and eligibility. Our review disclosed material weaknesses in internal control and material noncompliance regarding allowable costs/cost principles. As a result, we issued a qualified opinion on compliance with federal laws and regulations for LIHEAP.

Internal control that does not ensure compliance with State and federal laws and regulations could result in sanctions, disallowances, and/or future reductions in LIHEAP awards.

Federal expenditures for LIHEAP totaled approximately \$250.1 million for the two-year period ended September 30, 2008. We identified known questioned costs of \$3,842 and known and likely questioned costs totaling \$19,730,411.

Our exceptions by compliance area are as follows:

- a. Activities Allowed or Unallowed
 DHS internal control did not ensure that expenditures incurred were for activities allowed. Our audit tests disclosed:
 - (1) DHS did not maintain applications to document that the

See next page.

N/A

The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.

<p>client requested services or made accurate disclosures in 11 (14%) of 76 State Emergency Relief (SER) energy expenditures reviewed. We questioned costs in the amount of \$2,454, in the Allowable Costs/Cost Principles section (item b.(1)) of this finding.</p> <p>Federal law 42 USC 8624(b) allows DHS to use LIHEAP funds to intervene in energy crisis situations of low-income households. DHS policy requires a signed application to ensure that a client requested energy crisis intervention and that the client's income and emergency need disclosures complied with federal allowable activity requirements.</p> <p>(2) As discussed in the Allowable Cost/Cost Principles section (item b.(1)(c)) of this finding, DHS did not maintain documentation to support a valid energy related emergency in 5 (7%) of 76 SER energy expenditures reviewed. We questioned the costs in item b.(1) of this finding.</p> <p>Federal law 42 USC 8624(b)(1) allows DHS to use LIHEAP funds to intervene in household energy related emergencies.</p> <p>b. <u>Allowable Costs/Cost Principles</u> DHS's internal control did not ensure the propriety of LIHEAP expenditures. As a result, we questioned costs totaling \$3,842. Our audit tests disclosed:</p> <p>(1) DHS did not ensure that LIHEAP expenditures met the requirements of federal regulation 45 CFR 96.30. We questioned costs of \$3,824.</p> <p>Federal regulation 45 CFR 96.30 requires that DHS's fiscal control and accounting procedures permit the tracing of LIHEAP funds to document that DHS did not use LIHEAP funds in violation of the restrictions and prohibitions of LIHEAP laws and federal regulations. Our review disclosed:</p> <p>(a) DHS did not maintain documentation to support</p>	<p>For findings in a-b1:</p> <ol style="list-style-type: none"> 1. DHS field offices will continue to stress the importance of appropriate documentation with eligibility staff. 2. Documentation supporting benefit eligibility will be reviewed during supervisor case readings as well as field office program reviews. 3. L-Letter 09-012 serves as a reminder about the importance of documentation, proper case packets and caseload reconciliation. 4. Staff will also be reminded to review the administrative handbook manual for information on proper case file retention and disposition. This will ensure that all case materials are retained for the proper length of time. 		
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<p>that all requirements of DHS's LIHEAP State Plan were met for 9 (12%) of 76 SER energy expenditures reviewed.</p> <p>(b) DHS did not properly authorize the client's energy related emergency assistance payment for 11 (14%) of 76 SER energy expenditures reviewed.</p> <p>(c) DHS did not maintain documentation to support the energy related emergency and the payment amount issued for 6 (8%) of 76 SER energy expenditures reviewed.</p> <p>(2) DHS needs to improve its internal control over the monitoring of its home heating credit (HHC) vendor to help ensure the propriety and compliance of HHC transactions. We questioned costs totaling \$18.</p> <p>OMB Circular A-133 section 210(f) requires DHS to ensure compliance for HHC transactions for which the vendor is responsible for program compliance or for reviewing vendor records to determine program compliance. DHS established an interagency agreement with the Department of Treasury that specified that the Department of Treasury was a DHS vendor. The interagency agreement requires the Department of Treasury to develop the HHC claim form (MI-1040CR-7), process HHC claims, determine claimant eligibility, and issue HHC to eligible claimants in accordance with Section 206.527a of the <i>Michigan Compiled Laws</i>. DHS reimbursed the Department of Treasury \$133.8 million for HHC transactions during the two-year period ended September 30, 2008. Our review disclosed:</p> <p>(a) The Department of Treasury did not correctly calculate the HHC for 2 (7%) of 28 HHC claims reviewed. In both instances, the Department of Treasury did not verify the accuracy of the tax payer's HHC calculation before issuing the payment.</p>	<p>For findings in b2:</p> <p>1. The Department of Treasury, which administers the Home Heating Credit, has established a threshold for auditing purposes. The LIHEAP program office is in discussion with the Department of Treasury to implement electronic auditing oversight to increase error detection.</p> <p>2. System changes are being completed to aid in the reconciliation process of electronic files from Department of Treasury.</p>	<p>N/A</p>	<p></p>
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<p>(b) The Department of Treasury did not pay the proper amount for 1 (4%) of 28 HHC claims reviewed. The Department of Treasury properly calculated the claimant's credit; however, it overpaid the claimant's calculated credit. We questioned costs of \$18.</p> <p>(c) DHS had not implemented a process to periodically reconcile HHC claim detail information provided by the Department of Treasury in electronic format to the Department of Treasury's reimbursement billings and summary reports provided in paper format.</p> <p>DHS received reimbursement billings from the Department of Treasury with summary reports of claims processed and mailed by the Department of Treasury. DHS reconciled the reimbursement billing amounts to the summary reports prior to authorizing payment to the Department of Treasury. The Department of Treasury also provided DHS with an electronic file of the detailed claims processed and mailed by the Department of Treasury. DHS did not reconcile the electronic data to the summary data provided with the reimbursement billings.</p> <p>We reviewed 28 of the 469 HHC processing runs included in the reimbursement billings selected in our review. We noted that the detailed claim information in the electronic file did not support the Department of Treasury reimbursement billings for 12 (43%) of the 28 HHC processing runs. For these 28 HHC processing runs, the detailed information in the electronic file totaled \$8,873,698 and the Treasury reimbursement billings totaled \$11,184,568, resulting in the reimbursement billings exceeding the total electronic claim detail information by \$1,010,749. DHS was unable to provide documentation to support</p>			
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<p>why the reimbursement billings was greater than the detailed claim information in the electronic file.</p> <p>DHS local office staff use the detailed claim information in the electronic file as a factor in calculating the amount of a client's energy related emergency assistance payment. A periodic reconciliation of the detailed claim information in the electronic file to the reimbursement billings would help ensure that DHS local office staff has complete and accurate HHC detailed claim information.</p> <p>By establishing effective monitoring of the Department of Treasury's processing of HHC payments, DHS could ensure that the Department of Treasury obtains the necessary information to verify claimants' HHC claims and pays claimants the correct amount.</p> <p>c. <u>Eligibility</u> DHS needs to improve its internal control over eligibility documentation for SER energy expenditures. Our audit tests disclosed:</p> <p>(1) As discussed in the Activities Allowed or Unallowed section (item a.(1)) of this finding, DHS did not maintain applications to document that the client made accurate disclosures in 11 (14%) of 76 SER energy expenditures reviewed. We questioned costs for 3 of these expenditures totaling \$1,203, in the Allowable Costs/Cost Principles section (item b.(1)) of this finding. DHS policy requires a signed application to ensure that a client requested energy crisis intervention and that the client's income and emergency need disclosures complied with federal eligibility requirements. The other 8 expenditures were for clients were that were categorically eligible or the clients' files contained documents other than the required application to support the clients' eligibility.</p> <p>(2) DHS local office staff did not certify client eligibility for 20 (26%)</p>	<p><u>For findings in c:</u> DHS's Bridges integrated eligibility system includes functionality requiring documentation used for benefit eligibility determinations to be recorded within this system. In addition, we have an online application that is retained in the system and does not require that a paper copy be placed in a record. Information regarding the amount needed to prevent shutoff or restore service is now automatically entered into the system via a webservice with participating providers. This is real-time</p>	<p>N/A</p>	
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of 76 SER energy expenditures reviewed. We questioned costs for 3 of these expenditures totaling \$1,203, in the Allowable Costs/Cost Principles section (item b.(1)) of this finding. DHS policy requires local office staff to certify by signature that a client met income and emergency need federal eligibility requirements. The other 17 expenditures were for clients that were categorically eligible or the clients' files contained documents other than the required application to support the clients' eligibility.

information that is used in place of a paper bill. The Bridges system retains all data collected and entered by the eligibility staff, determines eligibility, displays the budget, creates and mails client correspondence, generates payments after certification of the application by the eligibility staff, creates reports for all expenditures and demographic data and provides for data-matching with other systems.

Public Assistance Cost Allocation Plan

Our audit of DHS's Public Assistance Cost Allocation Plan (PACAP) for the period October 1, 2006 through September 30, 2008 disclosed that DHS was in substantial compliance with federal requirements for the PACAP. However, as described in the attachment, we identified noncompliance related to submitting an amendment to the cost allocation plan. We have not reported any questioned costs.

DHS used a PACAP to distribute costs of approximately \$1.7 billion to federally funded programs for the period October 1, 2006 through September 30, 2008.

We reviewed 13 DHS PACAP cost pools and approximately \$1.6 billion in related federal indirect charges for the 2-year period ended September 30, 2008.

Public Assistance Cost Allocation Plan (PACAP)

There were no findings for the Cost Allocation Plan; therefore, there is no further action to take.

N/A

U.S. Department of Health and Human Services	CFDA 93.568: Low-Income Home Energy Assistance
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Award Number: G 06 B1 MI LIEA G 07 B1 MI LIEA G 07 01 MI LIE2	Award Period: 10/01/2005-09/30/2007 10/01/2006-09/30/2008 10/01/2006-09/30/2008			
	Questioned Costs: \$ 0			
<p>DHS did not amend its cost allocation plan or submit an amendment to the U.S. Department of Human Services, Division of Cost Allocation (DCA), in accordance with Federal requirements. As a result, the DCA is not aware of and has not approved allocation methodologies used by the State.</p> <p>Noncompliance with federal laws and regulations could result in sanctions, disallowances, and/or future reductions in federal awards.</p> <p>DHS incurs a significant amount of costs that benefit more than one federal program, such as the salaries of local DHS office employees who determine client eligibility for several federal programs. DHS assigns the costs that cannot be directly charged to a specific federal program to cost pools. The costs assigned to these pools are then allocated to the federal programs in which they benefit. During our audit period, DHS had approximately 63 cost pools.</p> <p>To implement corrective action for a prior audit finding, DHS changed its method of allocating local office first line supervision based on the distribution of the relative number of workers they supervise. Beginning fiscal year 2007-08, DHS accounted for all local office first line supervision in the same cost pool, to be allocated using the same methodology. However, DHS did not amend their methodology language for the affected cost pools and did not submit this amendment to the Federal Government.</p> <p>Title 45, part 95 of the <i>Code of Federal Regulations</i> (CFR) states the State shall promptly amend the cost allocation plan and submit the amended plan to the DCA Director if the State plan is amended so as to affect the allocation of costs.</p>				

<p>Government Accountability Office (GAO) LIHEAP Audit Findings</p> <ol style="list-style-type: none"> 1. Michigan provided \$3,900 in benefits to a US Postal Service employee whose \$50,000 salary exceeded the maximum income threshold of \$43,500. The employee told investigators that she was not employed when she applied. U.S. Postal Service salary records demonstrated and the U.S. Postal Service OIG confirmed that she was employed at the time. 2. Michigan provided \$2,200 in benefits, above the \$1,100 maximum benefit limit. The household automatically received duplicate benefits for being enrolled in Medicaid and SNAP. 	<p>For finding #1: The caseworker acted properly based on the information available since Michigan is unable to retrieve federal salary data but the state has pursued a fraud referral on this client.</p> <p>For finding #2: This has been resolved since the Bridges computer system tracks recipient ID numbers to prevent recipients from receiving duplicate assistance.</p>		
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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.	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
<p>DHS policy requires case reviews for all probationary employees. Eligibility cannot be certified and payments cannot be made until a supervisory review has been completed and the case transaction is approved in the Bridges application.</p> <p>LIHEAP payments made by exception require local office management review, additional review by the program office and must be approved in the Bridges application prior to issuance.</p> <p>Fiscal staff must reconcile LIHEAP payments and the bills used to make the payments with their ES-440 accounting report. Any discrepancy is researched and rectified. Any overpayment is pursued for refund.</p> <p>L-Letter L-08-166 was issued In an ongoing effort to resolve case discrepancies while ensuring accurate benefit amounts, various reports are sent to the field on a regular basis. These reports should be addressed timely to ensure that proper payments are being issued.</p> <p>Local office staff is also notified by L-letter of case reading requirements. In addition, written policy includes instructions and criteria for case reading.</p> <p>DEPARTMENT POLICY FOR CASE READING REVIEWS</p> <p>Local office management resources should be invested in case reading activities. This includes:</p> <ul style="list-style-type: none"> • Selecting the case. 	<p>Michigan plans to issue updated notification to the field stressing the importance of accuracy and providing guidelines and requirements for LIHEAP case reading.</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>

- Completing the review.
- Documenting and communicating the findings.
- Monitoring and following up.
- Planning corrective actions.

Overview

A process analysis approach to case reading focuses on systems, policy and procedures in an effort to prevent errors rather than just correct them.

Case readings collect information to improve the accuracy and efficiency of program management and the delivery of services. First and second-line managers, quality analysts, lead workers and other designated local office staff may conduct the readings.

Case Review

The case review may be either a **general, specific** or **targeted** read. A general read is a review of all eligibility factors for the program(s) read. A specific read is a review of a limited number of eligibility factors identified for a predetermined reason. A targeted read is a review of a limited number of eligibility factors identified by central office for a predetermined reason.

The local office determines the need for evaluation and selects the cases for a general or specific read. Process analysis, accuracy of policy implementation, a special project, worker experience, or other reasons may prompt a review.

Selection of Cases

Depending on the reason for the review, cases are selected at random using one of the sources listed below. Cases are selected randomly by allowing each case an equal chance to be selected.

Computer-generated reports - list cases with certain identifying characteristics

Special Run Reports - used for special projects

Case Actions - based on the experience of specialists

<p>How To Read a Case</p> <p>A case is reviewed by comparing the actions taken by the specialist to the verification and documentation in the record and determining whether policy was correctly applied in a timely manner.</p> <p>Use form DHS-4331, Assistance Payments Case Reading, to record and communicate the findings. Check the factors listed on the DHS-4331 to determine that all necessary actions were taken. Use the comment section to inform the specialist of any required action and the reason. Post a follow-up for any action to be completed. The comment section is also used to give positive feedback.</p> <p>For some actions, oral communication with the specialist promotes better understanding and offers an opportunity to solicit suggestions for improving systems and processes.</p> <p>Use the Case Reading Guide with the DHS-4331 for consistency in the way factors are reviewed. The guide asks questions for each factor listed on the DSS-4331. The case reading guide is intended to help achieve consistency in the way cases are read. The questions are designed to lead the reader to correct case reading results.</p> <p>The case reading guide, along with the DHS-4331, Assistance Payments Case Reading, is a tool to help identify error-prone areas that might require further attention. It is not intended to cover all specific policy situations and exceptions. Likewise, all questions do not apply to every program.</p> <p>A secondary use of this guide is as a self-assessment tool. DHS specialists can use the guide to see whether required case actions were taken.</p> <p>Data Evaluation</p> <p>The information from case reading may be used to identify unmet needs in programs and areas of policy. Local office staff should decide whether policy clarification, policy revision, local office procedural changes or training is appropriate to pursue.</p> <p>General case reading data may also be compiled, summarized and reported</p>			
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upwards. However, a roll-up of case reading data cannot be assumed to be statistically valid due to issues such as lack of a random sample, managers using different selection criteria, and managers using different case reading methods. Targeted case readings may be designed to avoid these problems, through careful planning.

Questions for SER Case Review

Some of the questions listed below may be addressed on the reading form.

The questions which are unique to SER are addressed here.

Is there a current signed DHS-1514 and DHS-1171 in the case?

Was the emergency request registered timely?

Is the emergency a covered service?

Were repeat request criteria and required payments correctly determined and documented?

Will the payment resolve the emergency?

If the emergency was approved, did the case meet the asset limit?

Was the need verified and documented?

Was all projected income for the 30-day budget period used in doing the budget?

Does the requested need meet the affordability criteria?

If there were excess income and/or cash assets, did the client make the copayment?

Were potential resources explored and necessary repay agreements signed?

Was the amount authorized within the maximum allowed?

If an exception was granted, is the necessary documentation in the case? Was the client sent a DHS-1419, Decision Notice?			
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FRAUD REPORTING MECHANISMS			
<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>
<p>The Emergency Relief Manual (ERM) and the Bridges Administrative Manual (BAM) provide guidance and policy to DHS staff.</p> <p>ERM 401 states: An SER overpayment is an amount of assistance issued that the SER group was not eligible to receive. The Department attempts to obtain repayment from the SER group of all SER overpayments.</p> <p>SER overpayments are recouped only by requesting the SER group to repay the amount overpaid in cash (cash recoupment).</p> <p>Inform the local office fiscal unit when an SER overpayment is discovered. Provide the fiscal unit with the amount of the overpayment and the date the overpayment was issued. The fiscal unit collects receipts and records cash payments from the SER group. No other local office staff collects or accepts any cash payments.</p> <p>Local office fiscal staff must follow procedures in the Accounting Manual for cash recoupment on inactive cases.</p> <p>Fiscal staff must reconcile LIHEAP payments and the bills used to make the payments with their ES-440 accounting report. Any discrepancy is researched and rectified. Any overpayment is pursued for refund.</p>	<p>All referrals for overissuances will be sent to recoupment specialists, after eligibility specialists determine if the overissuance is due to agency or client error. The recoupment specialists will review and process all overissuances. They will pursue repayments of any misissued funds and maintain recoupment reports.</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>

BAM 700 provides policy and procedures for handling benefit overissuances. It includes the following Fraud Hotline procedures:

WELFARE FRAUD HOTLINE REFERRAL PROCEDURES

A toll-free hotline number (1-800-222-8558) is provided to the public for use in filing complaints regarding all programs where possible fraudulent activities may be occurring. The Customer Service Unit located in central office receives these calls. An electronic database is now available to refer, monitor and dispose of fraud referrals.

Hotlines, including Fraud Reporting are available at this link;
<http://www.michigan.gov/dhs/0,1607,7-124-8994-17514--,00.html>

L-Letter 07-071 was issued regarding the DHS Fraud Hotline Referral System. Beginning June 1, 2007, Fraud Hotline Referrals are entered into an electronic database. This database was developed to respond to audit findings that have indicated that DHS provides fraud referrals to the local offices but does not have a way to centrally monitor the disposition of the referrals. Fraud referrals that come through the toll free fraud number or Web site will go to a designated fraud coordinator in each local office via email. The coordinator will send the fraud referral to the appropriate worker and their FIM for investigation. The investigation findings will be reported back to the fraud coordinator electronically and then back to central office for monitoring purposes. The referrals will appear on the contact manager's main screen when they log into the referral system. It is the contact manager's responsibility to periodically log into the system and see the referrals that are assigned to their county.

BAM 700 also includes the following policy:

DEPARTMENT POLICY

All Programs

When a client group receives more benefits than they are entitled to receive, DHS must attempt to recoup the overissuance (OI). This item explains OI types and standards of promptness (SOP).

<p>A client or provider may voluntarily repay any program benefits even when there is no overissuance. These situations are referred to the local office fiscal unit.</p> <p>PREVENTION OF OVERISSUANCES</p> <p>DHS must inform clients of their reporting responsibilities and act on the information reported within the SOP.</p> <p>During eligibility determination and while the case is active, clients are repeatedly reminded of reporting responsibilities, including:</p> <ul style="list-style-type: none"> • Acknowledgments on the application form. • Explanation at application/redetermination interviews. • Client notices and program pamphlets. <p>DHS must prevent OI by informing the client or authorized representative (AR) of the following:</p> <ul style="list-style-type: none"> • Applicants and recipients are required by law to give complete and accurate information about their circumstances. • Applicants and recipients are required by law to promptly notify DHS of all non-income changes in circumstances within 10 days. Income related changes must be reported within 10 days of receiving their first payment. • Incorrect, late reported or omitted information causing an OI can result in cash repayment or benefit reduction. <p>The client’s comments and/or questions about the above responsibilities must be recorded on the application.</p> <p>DISCOVERY OF SUSPECTED OVERISSUANCES</p> <p>An OI may be discovered through normal casework or by one of the following:</p>			
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<p>Case readings. Computer cross-matches. Quality Control audit findings. Welfare Fraud Hotline referrals. Non-honored repay agreements. State Office of Administrative Hearings and Rules.</p> <p>Client Suspected Intentional Program Violation</p> <p>Suspected IPV means an OI exists for which all three of the following conditions exist:</p> <p>The client intentionally failed to report information or intentionally gave incomplete or inaccurate information needed to make a correct benefit determination.</p> <p>The client was clearly instructed regarding his or her reporting responsibilities.</p> <p>The client has no apparent physical or mental impairment that limits his or her understanding or ability to fulfill his reporting responsibilities.</p> <p>IPV is suspected when there is clear and convincing evidence that the client has intentionally withheld or misrepresented information for the purpose of establishing, maintaining, increasing or preventing reduction of program benefits or eligibility.</p> <p>OIG Referral</p> <p>Suspected IPV OIs are referred to the Office of Inspector General (OIG) on the DHS-834, Fraud Investigation Request. Evidence for the OI and suspected IPV must be attached to the DHS-834.</p> <p>Prudent judgment should be used in evaluating an OI for suspected IPV. Consider the following questions when reviewing the case:</p> <p>Does the record show that department staff advised the client of their rights and responsibilities?</p> <p>Does the record show the client’s acknowledgment of these rights and</p>			
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<p>responsibilities?</p> <p>Did the client neglect to report timely when required to do so?</p> <p>Did the client make false or misleading statements?</p> <p>Does the client error meet suspected IPV criteria?</p> <p>Does the OI amount meet the OIG threshold (see below)?</p> <p>Suspected IPVs are referred to OIG when:</p> <p>From preliminary review, it appears that the OI falls within the definition of suspected IPV found in this item, and</p> <ul style="list-style-type: none"> • The total OI amount for all programs combined is \$500 or more, or • The total OI amount for all programs combined is less than \$500, and • The group has a previous IPV, or • The OI involves concurrent receipt of assistance. Or • The alleged fraud is committed by a state government employee. <p>OIG or the Recoupment Specialist (RS) will inform the local fiscal unit when an account needs to be established for cash collections.</p>			
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VERIFYING APPLICANT IDENTITIES			
Describe all FY2010 State policies continuing in FY2011 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
<p>ERM 103 policy states:</p> <p>VERIFICATION</p> <p>Clients must be informed of all verifications that are required and where to return verifications. The due date is eight calendar days beginning with the date of application. If the application is not processed on the application date the deadline to return verification is eight calendar days from the date verification is requested. This does not change the standard of promptness date.</p> <p>The client must make a reasonable effort to obtain required verifications. The specialist must assist if the applicant needs and requests help. If neither the client nor the specialist can obtain the verifications despite a reasonable effort, use the best available information. If no evidence is available, the specialist must use their best judgment.</p> <p>Identity</p> <p>The client's identity must be verified. If an authorized representative (AR) applies on behalf of a group, the AR must verify his own and the client's identity.</p> <p>Documents used to verify identity may be originals or copies of the original document. Facsimiles or emails are not acceptable documents for identity.</p>	N/A	N/A	<i>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</i>

<p>The following are examples of acceptable verification of identity:</p> <ul style="list-style-type: none"> Driver's license. State-issued identification. School-issued identification. Document indicating a client's receipt of benefits under a program which requires verification of identity (SSI, RSDI). Identification for health benefits. Voter registration card. Birth certificate/record. U.S. military card or draft record. U.S. passport. Certificate of Naturalization (Department of Homeland Security (DHS) forms N-550 or N-570). Certificate of U.S. citizenship (DHS forms N-560 or N-561). Military dependent's identification card. Certificate of Degree of Indian Blood, or other U.S. American Indian/Alaska native tribal document. U.S. Coast Guard Merchant Mariner card. 			
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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
<p>Policy in Bridges Eligibility Manual (BEM) 223 states:</p> <p>DEPARTMENT POLICY</p> <p>All Programs</p> <p>SSN refers to a Social Security number.</p> <p>SSA refers to the Social Security Administration.</p> <p>As a condition of eligibility, individuals, including individuals being added to an active case, must:</p> <p>Supply their SSN. Cooperate in obtaining an SSN. Be excused from supplying and obtaining an SSN.</p> <p>This condition of eligibility does not apply to individuals who are only applying for benefits on behalf of someone else (example, parents who want MA just for their children).</p> <p>Verification of an SSN is not initially required. Therefore, do not delay processing an application for verification of an SSN.</p> <p>SSNs are checked with SSA for accuracy. A check in the Validated by SSA box on Bridges means SSA has verified that SSN for that individual. If SSA is unable to confirm the SSN, the specialist will receive a Bridges enumeration</p>	<p>This policy currently applies to all applicants except LIHEAP-only applicants. Most of Michigan's applicants for LIHEAP also apply for other assistance programs and we require SSNs for those other programs. DHS will be expanding the SSN requirement policy to include LIHEAP-only applicants and household members for 2011.</p>	<p>N/A</p>	<p><i>All valid household members are reported for correct benefit determination.</i></p>

<p>task that requires action. The client must cooperate in resolving any errors.</p> <p>FAILURE TO COMPLY</p> <p>Disqualify family members for whom the grantee refuses to supply an SSN, cooperate in obtaining an SSN or cooperate in resolving any errors.</p> <p>This condition of eligibility does not apply to individuals who are only applying for benefits on behalf of someone else (example, parents who want MA just for their children).</p> <p>COOPERATE IN OBTAINING AN SSN</p> <p>The requirement to cooperate in obtaining an SSN is met by any of the following:</p> <ul style="list-style-type: none"> • Completing an SS-5, Application for a Social Security Card. • A refugee or, for FAP only, any individual provides an SSA-5028, Receipt for Application for a Social Security number, to verify his SSN application at SSA. • A newborn is assigned an SSN via the Enumeration At Birth process, and the parent provides any of the following documents: <ul style="list-style-type: none"> A DHS-4557, Information About Your Baby’s Social Security Card. SSA-2853, Information About When You Will Receive Your Baby’s Social Security Card. A copy of a signed State of Michigan Certificate of Live Birth indicating that a Social Security card was requested. A modified birth document, indicating a Social Security card was requested. <p>Inform clients who provide an SSA-5028 or proof of Enumeration at Birth that they must report the SSN upon receipt. SSNs issued through these processes are not tape matched onto Bridges. Failure to report these SSNs</p>			
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<p>within six months of receipt or by the next redetermination, if earlier, results in an overissuance.</p> <p>EXCUSED FROM PROVIDING AND OBTAINING AN SSN</p> <p>An individual excused by court order is excused from providing and obtaining an SSN.</p> <p>DHS-4639, Important Notice About Social Security Numbers</p> <p>Bridges generates form letter DHS-4639, Important Notice About Social Security numbers, every three months until an SSN is entered in Bridges. The letter asks the grantee to write the SSN on the letter for the recipients indicated and to return the letter to DHS.</p> <p>MORE THAN ONE SSN</p> <p>Procedures are in place to reconcile more than one SSN for a person.</p> <p>VERIFICATION REQUIREMENTS</p> <p>Record the SSN verification source in Bridges for each SSN for which the Validated by SSA box is not checked. If an individual's SSN is not verified or the source is not valid for the individual's program(s), Bridges will list verification of SSN is needed on a DHS-3503, Verification Checklist, for each individual whose SSN must be verified.</p> <p>All Programs</p> <p>Verify cooperation in obtaining an SSN at application and when adding a member.</p> <p>File a photocopy of the client's verification of SSN application or SS-5 in the physical case record.</p> <p>Verification of an SSN may be needed to resolve an enumeration task or when two people claim the same SSN.</p>			
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<p>Verification Sources</p> <p>The following sources in the SSN Application Verification field in Bridges are valid verification of an SSN application.</p> <p>SS-5, Application for a Social Security Card.</p> <p>SSA-5028, Receipt for Application for a Social Security number (allowed only for refugees for FIP, SDA, RAP, MA or AMP; allowed for all individuals for FAP).</p> <p>DHS-4557, Information About Your Baby's Social Security Card.</p> <p>SSA-2853, Information About When You Will Receive Your Baby's Social Security Card.</p> <p>Michigan birth certificate with box 10b marked that an SSN and card were requested.</p> <p>Modified birth document that includes the minimum required information</p> <p>The minimum required information on a modified birth document is:</p> <p>Child's name. Child's date of birth. Parent(s) name(s). Name of hospital where child was born. Signature of hospital representative. Dated and check-marked annotation that SSN was requested.</p>			
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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>BAM 800 STATES:</p> <p>DEPARTMENT POLICY</p> <p>The Department of Human Services (DHS) routinely matches recipient and applicant data with other public and private agencies through computer data exchanges. Acknowledgments in DHS applications inform clients of the data matching process.</p> <p>Data exchanges assist in the verification of income, assets and other eligibility factors for DHS recipients and applicants.</p> <p>Data exchange reports must be reconciled with information contained in DHS case records.</p> <p>DATA EXCHANGES</p> <p>Data is currently exchanged with the following agencies:</p> <p>Social Security Administration (SSA). Michigan Unemployment Insurance Agency (UIA). Michigan Department of Treasury (DOT). Internal Revenue Services (IRS). Michigan Department of Corrections (DOC).</p>	<p>In FY2011, Michigan plans to enhance the use of the verification systems in place for the FIP, SDA, CDC, MA and FAP programs to include LIHEAP applicants and household members.</p> <p>Policy manuals will be revised with updated information on how data matches are received and used.</p>	<p>Until Michigan is able to complete computer enhancements for database matching, policy will be updated to require that eligibility specialists verify SSNs and ensure that LIHEAP applicants and household members are not deceased, in prison or in a long term care facility.</p>	<p><i>Use of all available database systems to make sound eligibility determination.</i></p>

<p>Specialists receive this information through the Consolidated Inquiry tool in Bridges that incorporates both earned and unearned income and through Bridges alerts called Task/Reminder.</p> <p>DATA EXCHANGE RECONCILIATION</p> <p>Information received from any computer data exchange must be reviewed and compared with the recipient's DHS record. Any discrepancies must be clarified.</p> <p>The standard of promptness for resolving information received from a computer match is 45 calendar days. Wage match information must be resolved within 30 days. The standard of promptness for resolving information received from new hires is 21 calendar days.</p>			
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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.	Please 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?	Necessary outcomes from these systems and strategies
<p>BAM 802 STATES:</p> <p>DEPARTMENT POLICY</p> <p>The Michigan Department of Human Services (DHS) regularly matches recipient employment data with the Michigan Department of Labor & Economic Growth Unemployment Insurance Agency (UIA) through computer data exchange processes. Acknowledgments in DHS applications (DHS-1171, -4575, -4574B, DCH-373) inform clients of the data exchange process. These data exchanges assist in the verification of potential current employment, past employment history, and unemployment benefits.</p> <p>Department of Treasury Data Exchange</p> <p>The only data exchange with Treasury is New Hires. This process cross matches active DHS recipients with Treasury files established from W-4 records submitted by employers for new employees.</p> <p>Consolidated Inquiry</p> <p>Eligibility specialists are required to use the consolidated inquiry in Bridges to verify earned and unearned income that is made available through data exchange. Verification of social security benefits, unemployment benefits and child support payments is valid through this inquiry.</p>	<p>In FY2011, Michigan plans to enhance the use of the verification systems in place for the FIP, SDA, CDC, MA and FAP programs to include LIHEAP-only applicants.</p>	<p>N/A</p>	<p><i>Effective income determination achieved through coordination across program lines.</i></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>DEPARTMENT POLICY</p> <p>Information contained in all program case records is confidential and may be released only under limited circumstances for five general purposes: program administration, other government officials' access, charitable organization access, general public access, and client access.</p> <p>You must not discuss with unauthorized persons, either during or after working hours, information about individual clients that you learn through your employment.</p> <p>A signed application for assistance provides consent for purposes of program administration. No other written consent is required.</p> <p>If you are not sure the requested information is necessary to administer programs, inform the client of the request and obtain a signed consent before making the information available.</p> <p>Encryption of Private Information and Social Security Numbers</p> <p>The encryption of private information, particularly social security numbers is required when emails are sent to an email account outside state government. Emails sent through government networks are automatically encrypted.</p>	<p>N/A</p>	<p>N/A</p>	<p><i>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</i></p>

<p>Emails sent outside state government are at a much higher security risk than those sent through government emails. Identity theft is a problematic issue. The Department of Human Services has an obligation to protect private information and social security numbers. Below is information from the Department of Information Technology regarding the secure transfer methods for sensitive information and in particular client social security numbers:</p> <ul style="list-style-type: none">• Establish a State of Michigan email account for the intended recipient. (The State of Michigan email system is maintained in an encrypted format).• Use WinZip encryption feature to encrypt the file. Send the encrypted file as an attachment to an email message. The recipient will need to use WinZip to read the file. Send a separate email containing the password to the recipient. The WinZip encryption process is attached.			
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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>Michigan establishes yearly limits for each LIHEAP service. The limit is also referred to as the yearly issuance cap. This cap is the maximum amount that can be paid for a particular service. Payments are applied to the cap of the client. Client means the applicant for or recipient of SER and includes all group members. So every individual in the group, who benefits from the payment, including minor children, will have payments applied to their individual cap. The payments made to cap follow the individual even if they move from one household to another. The individuals can receive assistance more than once in a fiscal year but only up to the yearly cap amount. To ensure that duplicate benefits are not issued, Bridges tracks all energy service authorizations and cap limits for each individual. This policy is supported by State Administrative Rules and is also located in the SER Business Process document which is available to all staff. There are edits built into the computer system to prevent issuances that exceed the cap. Any payments made that exceed the cap must be approved by the program office as an exception.</p>	<p>Local offices are no longer allowed to pay energy bills from local funds. All payments must be made through Bridges. We will be updating Bridges to ensure that local office payments are not an option.</p>	<p>N/A</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 un-regulated 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>BAM 435 for vendor enrollment for all vendors (whether regulated or not) states:</p> <p>DEPARTMENT POLICY</p> <p>The Model Payments System (MPS) is a single payroll system which processes payments to several types of providers and includes a provider enrollment file. Providers who receive payment through MPS must be enrolled as providers. All heat, electric, shelter and medical services providers must be enrolled on MPS but payment is made through the Bridges payroll system.</p> <p>A provider ID number is assigned to each provider by MPS. The ID number is used in making payments to the provider.</p> <p>TYPES OF MPS PROVIDERS</p> <p>Heat and electric providers are enrolled in the Low Income Home Energy Assistance Program (LIHEAP). All LIHEAP providers are enrolled on MPS by Central Office.</p> <p>PROVIDER ENROLLMENT</p> <p>When a provider is initially enrolled, the provider's name, address, telephone number, tax identification number and eligibility type. Bridges Provider Management now stores the user ID of the person who enrolls or</p>	<p>The Model Payment System will no longer be used for LIHEAP. All provider enrollments will be made in Bridges and will be called the Provider Management System. Provider numbers will be assigned by Provider Management. Payments will continue to be made through the Bridges payroll system.</p> <p>The provider enrollment form (DHS-355) will be revised to require the provider to supply their date of birth (DOB) if they are using their Social Security Number (SSN). Bridges will do a monthly death match and will close the provider if there is a</p>	N/A	<p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>

<p>maintains the provider. This is an internal control measure.</p> <p>A file clearance using the provider inquiry format must be done to determine if a provider is already enrolled on MPS and to obtain the provider ID number.</p> <p>CHANGES TO PROVIDER ENROLLMENT</p> <p>The provider must request changes to the MPS provider file information (e.g., name, address) in writing. The request should include the new information, the provider's tax identification number and the MPS provider ID number.</p> <p>Changes to name, address, telephone number or tax identification number information for LIHEAP providers may only be made by central office.</p> <p>Provider Enrollment Terminations - Central Office</p> <p>Local offices cannot delete or end date the LIHEAP providers. When action is needed, the provider must notify DHS in writing and send the notification to DHS central office.</p> <p>MPS PROVIDER ENROLLMENT FILE</p> <p>The forms used to enroll or change provider information on the MPS provider enrollment file and any documents with information upon which an MPS provider enrollment or change is based is kept in a secure location.</p> <p><u>UNREGULATED VENDORS</u></p> <p>Complaints about unregulated vendors are made directly to the Department of Attorney General's Consumer Protection Division. Once the complaint is filed, the AG's Consumer Protection Division contacts the vendor to resolve the complaint.</p>	<p>match. The DOB is needed in order to complete the death match.</p>		
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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.	Please 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, please describe how the State can ensure that funds are being distributed through valid intermediaries?	Necessary outcomes from these systems and strategies
<p>When a provider is initially enrolled, the provider's name, address, telephone number, tax identification number, eligibility type are entered on MPS.</p> <p>A file clearance using the provider inquiry format must be done to determine if a provider is already enrolled on MPS and to obtain the provider ID number.</p> <p>The LIHEAP provider must request changes to the MPS provider file information (e.g., name, address) in writing. The request should include the new information, the provider's tax identification number and the MPS provider ID number. Provider information may be updated ONLY by central office.</p>	<p>The provider enrollment form (DHS-355) will be revised to require the provider to supply their date of birth if they are using their SSN. Bridges will do a monthly death match and will close the provider if there is a match. The DOB is needed in order to do this match.</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			
<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>DHS employees received extensive training prior to the roll-out of our new computer system - Bridges. Computer-based training is also available for all employees to enhance their skills and knowledge.</p> <p>Training was provided for Self Service Processing Center staff in conjunction with the implementation of electronic LIHEAP applications.</p> <p>Meetings with participating energy providers, including technical staff, are held to ensure accuracy of data exchanged through a web service used for electronic applications.</p> <p>DHS provides training as requested for interested parties (legislative staff, Administrative Law Judges, energy providers, etc.) to explain LIHEAP and eligibility requirements.</p> <p>Bridges provides help screens and wizards for technical assistance. A Bridges wizard is an online tool that provides step-by-step instructions on how to complete a specific, common task within</p>	<p>N/A</p>	<p>N/A</p>	<p><i>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</i></p>

<p>Bridges. Help screens are also provided for clients who opt to submit their LIHEAP application through the online process.</p> <p>The DHS public website provides forms and instructions for LIHEAP applications. In addition, the SER eligibility manual is available for viewing online. The manual provides eligibility and verification requirements that must be met in order to receive a crisis payment.</p>			
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AUDITS OF LOCAL ADMINISTERING AGENCIES			
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
<p>WEATHERIZATION MONITORING <u>Community Action Agencies and Limited Purpose Agencies:</u> Program and fiscal operations of sub-grantees are monitored using the following:</p> <ul style="list-style-type: none"> • Contracts with Weatherization and crisis assistance sub-grantees require compliance with mutually agreed upon budgets and established accounting procedures. • DHS staff conducts on-site visits to each sub-grantee reviewing application processes, eligibility documentation, payment systems, accounting procedures, service delivery, compliance with technical weatherization requirements and other contractual responsibilities. • DHS Office of Internal Audit review of sub-grantee A-133 Audit reports. • Staff review of regularly submitted sub-grantee reports. • Routine staff telephone contact with sub-grantees to answer questions regarding program operation. 	N/A	N/A	<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.