

PROGRAM INTEGRITY ASSESSMENT FY 2011

ADDENDUM

1. Are social security numbers required of all household members or just the applicant?

Social Security numbers are required for all household members.

2. Describe how actual client applications are protected (e.g., locked in file cabinets, destroyed after entry into CAPTAINS, etc.)

Client applications with supporting documentation are kept in locked file cabinets at the sub grantee sites for up to 5 years. After 5 years, client applications and supporting documentation are shredded.

3. Are site visits performed on unregulated vendors to verify authenticity?

We do not perform site visits on unregulated vendors but will have sub grantees check to see that the vendors they use are not on the Excluded Parties List System (EPLS), which is a government website that lists all known businesses, that have been removed from legally practicing or conducting business. If the vendor is not on the list, we consider the vendor a legitimate agency. Through self-reporting by LIHEAP clients, we refer non-regulated vendors to the States Division of Weights and Measures if there is a question about delivered fuels authorized by the sub grantee and the actual amount the client says was delivered to their home.

4. Describe any training and technical assistance provided to clients and energy vendors.

Clients do not receive any kind of training or technical assistance around selecting a vendor. Clients are encouraged to select a vendor of their choice to avoid any impropriety around sub grantees pushing a client towards any particular vendor. Energy vendors receive technical assistance from sub grantees on an annual basis to discuss new policies and procedures relating to the vendor contracts. The LIHEAP Administrator may come to a meeting to provide technical assistance if the changes are considered major and/or possibly controversial. LIHEAP Administrator will attend annual vendor meetings at the introduction of the proposed Performance Measures and will continue to do so until vendors are comfortable around the new measures being required.

Delaware

LH&AP Program Integrity Assessment Plan

30-Sep-10

Our program determined in August of 2010 that it was essential that Delaware upgrade our Policies and Procedures in all aspects of our LH&AP program. Delaware has enlisted the services of a consultant, added an internal monitor and directed the Senior Administrator of our office of Community Services to lead a task force to address this broader need which will include developing a Program Integrity Plan. The comments below reflect our initial efforts. Delaware will have in place a more comprehensive plan by February 1, 2011, as referenced below.

RECENT AUDIT FINDINGS

<p>In the past three years, Delaware has contracted with four different agencies to provide Winter Heating and Summer Cooling. Attached are any and all audit the findings going back to 2008 for three of the four.</p>	<p>Please see attached. Neighborhood House, who no longer has a contract with the state for cooling, did not supply the requested Audits. We have sent a certified letter requesting same and will include them in our FY11 report.</p>	<p>Delaware had previously not reviewed audits. This year Delaware requested and reviewed them, but not with the level of detail we intend to apply in 2011. Delaware will be employing a systematic review assisted by our internal auditor.</p>	<p>Failure of an agency to address adequately any finding that has material impact on the LH&AP program will result in a review and possible suspension of the contract with that agency.</p>
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COMPLIANCE MONITORING

<p>Delaware has traditionally monitored once per year, reviewing a small selection of files. Delaware has determined this to be inadequate. Therefore, Delaware has introduced a new Monitoring Form for both Summer Cooling and Winter heating. (see attached) Delaware has increased the number of file reviews by 500%.</p>	<p>Delaware will increase the number of visits to a minimum of 12 for the Winter heating and three for the Summer Cooling.</p>	<p>Per above, Delaware will have firm compliance monitoring system in place for implementation in FY11</p>	<p>Fully implement Annual Administrative Review, including case file reviews of a representative percentage of total cases.</p>
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FRAUD REPORTING MECHANISMS

<p>The State of Delaware's Auditor's Office maintains an anonymous Delaware referral site to facilitate the reporting of allegations of Fraud, Waste and Abuse of State government resource. Delaware also have hotline - 1-800-55-FRAUD (1-800-553-7283)</p>	<p>For FY11, we will be looking into ways to add information about Fraud, Waste and Abuse to all communication with clients. This will include written, phone and face to face communication. We will be adapting our application forms to include such information and will be looking into best practices from other states.</p>
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VERIFYING APPLICANT IDENTITIES

<p>Delaware has consistently required that a social security card or birth certificate be made available for every applicant. Copies of these are kept on file. All new applicants must call for an appointment at which time they are told what documents are essential to insure the validity of an application.</p>	<p>Utility bills are also required to be on file. If the utility bill does not match the name of the Head of Household, other proof is required. Delaware is introducing in 2011 a requirement that names on utility bills which are said to not reside at the address must show proof of their actual residence.</p>	<p>We will be researching best practices to see if there are proven ways to improve this process.</p>	<p>Income and energy supplier data that allow program benefits to be provided to eligible individuals.</p>
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SOCIAL SECURITY NUMBER REQUESTS

<p>Delaware has consistently required that a social security card or birth certificate be made available for every applicant. Copies of these are kept on file. All new applicants must call for an appointment at which time they are told what documents are essential to insure the validity of an application.</p>	<p>Policy remains the same. It will be fully articulated in the new policies and Procedures manual.</p>		<p>All valid household members are reported for correct benefit determination.</p>
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CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES

<p>Currently Delaware do not employ any existing government systems and databases to verify applicant or household member identities in FY2010</p>	<p>Delaware is researching the cost benefit of such services. In the ongoing development of our policies and procedures, as described above, Delaware will be making a determination whether to check 100% of ID's or a sampling. Delaware would employ an existing government system and/or our own in-state GAP's system.</p>		<p>Delaware is researching best practices to assess the implications of implementing such a system.</p>
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VERIFYING APPLICANT INCOME

<p>Clients are informed when they call to make an appointment that documentation proving income is required. Anyone who does not provide such documentation at the time of application is placed in a pending file. They do not receive benefits unless the documentation is produced. All applicants must provide documentation showing their income either through pay stub, bank records or tax return.</p>	<p>For FY11, Delaware is researching developing a cooperative relationship with the Delaware Department of Labor Unemployment Insurance Agency to match recipient employment data, seeking to verify potential current employment, past employment history and unemployment benefits. Delaware would inform clients that this would occur with cross checking such services. Delaware have begun to revise policies and plan to institute training on earnings computation procedures. Under consideration is instituting second party review and state monitoring of re-figure within in the case file</p>	<p>Effective income determination achieved through coordination across program lines.</p>
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PRIVACY-PROTECTION AND CONFIDENTIALITY

<p>Delaware currently employs a data management system (CAPTAINS) which has a contractual obligation to preserve confidentiality of all client data. IN FY10, our IT department began conversation with the company to assess the security of their firewalls. Initial analysis has led to an ad hoc task force looking into bringing all data management onto the state system (SAPS)</p>	<p>Delaware has initiated a review of the procedures employed by our three contracted vendors to determine if their security is adequate to our expectations. FY11 will see an incorporation of best practices from other states and an adjustment, where necessary, of current data systems.</p>	<p>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</p>
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LIHEAP BENEFITS POLICY

<p>Through our CAPTAINS software, we track all clients by social security number to eliminate duplication of services.</p>	<p>a major aspect of our policy review will be a revised benefit matrix for all factors: HH size, energy burden based on income and energy costs. Increased monitoring of case file and second party review will also increase accuracy in case file reviews. Delaware will be developing a process to track benefit payment from sub grantee thru vendor to client utility credit. In particular, there will be a revision of the procedures, documents and monitoring of all crisis payments, where appropriate, there will be a recoupment of overpayments.</p>	<p>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</p>
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PROCEDURES FOR UNREGULATED ENERGY VENDORS

<p>As concerns summer cooling, 25% of all home are checked to insure that Air Conditioners have been installed and installed correctly. For winter heating, all vendors are vetted to insure they are not disbarred from government work.</p>	<p>For summer cooling, all clients will be asked to fill out and sign a review form confirming the installation of the air conditioner and assessing the quality of the workmanship. This will be a pre-requisite for the vendor to receive reimbursement. Delaware believe the past process for this key component of integrity requires revision. We will review and strengthen sub grantee vendor agreements, monitor accuracy of benefit in case file reviews and track benefit credit through to all vendors. In addition, we will review structure of crisis benefit in bulk fuel cases.</p>		<p>Participating vendors are thoroughly researched and inspected before benefits are issued.</p>
<h3>VERIFYING THE AUTHENTICITY OF ENERGY VENDORS</h3>			
<p>The State of Delaware checks the list of non-regulated utility vendors that Catholic Charities contracts with on an annual basis to provide fuel to Low-Income Home Energy Assistance Program (LHEAP) eligible households. The LHEAP Administrator goes to the Excluded Parties List System (EPLS) types in the vendor name, and clicks to see if the vendor name comes up. If the name does not come up, the indication is that the vendor has not been barred or suspended from doing business under the name the State and sub grantee has for the unregulated utility vendor.</p>	<p>For FY11, Delaware will review and strengthen sub grantee vendor agreements. Per above, Delaware will be recommending sub grantee/grantee second party review of selected cases. Delaware will institute a random review of files to verify addresses with utility company.</p>		<p>An effective process that effectively confirms the existence of entities receiving Federal funds.</p>

TRAINING AND TECHNICAL ASSISTANCE

<p>Currently, LIHEAP staff attend annual nationwide conferences provided by NEADA. Monitoring visits by the program manager are used as opportunities to share comments and insights into improving practices. In recent successful effort to expand access for Delaware residents, Program Manager was key trainer for new applicant services personal.</p>	<p>Per above, the state has employed a consultant to address Policies and Procedures across the board. This will require both the development of and the intensive training in, the implementation of the resulting documents. Delaware has identified a need for LIHEAP state staff to be re-trained in the nature and purpose of monitoring responsibilities. We will be developing state initiated y T/TA designed and delivered by the state to the sub grantees. Once policy manual is revised, Delaware will institute periodical state training.</p>	<p>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</p>
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AUDITS OF LOCAL ADMINISTERING AGENCIES

<p>all agencies are required to have an A-133 audit annually and present same to Delaware LIHEAP office annually.</p>	<p>Delaware will employ the attached Administrative Review.</p>	<p>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible</p>
<p>Additional Information</p>		
<p>Audit findings for Interfaith Community housing: First State Community Action Agency; catholic Charities of Wilmington</p>		
<p>Administrative Review</p>		
<p>Selections from CAPTAINS contract</p>		
<p>Winter and Summer Monitoring Tool</p>		

Appendix VI

Appendix VII

Appendix VII

Appendix VIII

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

I. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

- Material Weaknesses Identified? Yes No
- Significant Deficiencies Identified that are Not Considered to be Material Weaknesses? Yes None Reported

Noncompliance Material to Financial Statements Noted? Yes No

Federal Awards

Internal Control Over Major Programs:

- Material Weaknesses Identified? Yes No
- Significant Deficiencies Identified that are Not Considered to be Material Weaknesses? Yes None Reported

Type of Auditors' Report Issued on Compliance for Major Programs: Unqualified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of Circular A-133? Yes No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food
93.568	Low Income Home Energy Assistance

Dollar Threshold Used to Distinguish between Type A and Type B Programs: \$ 300,000

Auditee Qualified as Low-Risk Auditee? Yes No

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2009

II. Financial Statements Findings

There are no current year financial statement findings.

III. Federal Award Findings and Questioned Costs

There are no current year findings and questioned costs.

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009

Financial Statement Finding 2008-01

Condition

An internal control procedure which required dual signatures on checks exceeding a certain threshold did not function properly. The sample size for the cash disbursements test consisted of 40 disbursements, 22 of which required dual signatures. Of the 22 checks included in the sample that required dual signatures, 3 checks only contained one facsimile signature. Despite not having dual signatures as required by the Organization's accounting policies and procedures, the disbursements were properly authorized for payment and appear to be proper obligations of the Organization.

Criteria

Catholic Charities' documented accounting policies and procedures governing cash disbursements state that checks \$3,000 and over require two signatures, one of which can not be a facsimile.

Effect

Checks totaling \$14,172 were disbursed from the Organization without proper authorization required by the Organization's accounting policies and procedures.

Recommendation:

Adequate monitoring procedures should be established to verify that the written policies and procedures over the cash disbursement process are being implemented consistently by the Organization.

Client's Corrective Action

Catholic Charities shares certain administrative resources, including accounting functions, with the Diocese of Wilmington, a related party. The finding is a result of accounting personnel accidentally applying the Diocese of Wilmington's financial policy for dual signatures. To eliminate the chance for this confusion in the future, Catholic Charities changed their policy limit to \$5,000 to be consistent with the Diocesan policy.

Current Status

No similar findings were noted in the 2009 audit.

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

I. Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued: Unqualified

Internal Control Over Financial Reporting:

- Material Weaknesses Identified? Yes No
- Significant Deficiencies Identified that are Not Considered to be Material Weaknesses? Yes None Reported

Noncompliance Material to Financial Statements Noted? Yes No

Federal Awards

Internal Control Over Major Programs:

- Material Weaknesses Identified? Yes No
- Significant Deficiencies Identified that are Not Considered to be Material Weaknesses? Yes None Reported

Type of Auditors' Report Issued on Compliance for Major Programs: Unqualified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of Circular A-133? Yes No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food
93.568	Low Income Home Energy Assistance

Dollar Threshold Used to Distinguish between Type A and Type B Programs: \$ 300,000

Auditee Qualified as Low-Risk Auditee? Yes No

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
JUNE 30, 2008

II. Financial Statements Findings

Finding 2008-01

Condition

An existing internal control procedure which requires dual signatures on checks exceeding a certain threshold did not function properly. The sample size for our cash disbursements test consisted of 40 disbursements, 22 of which required dual signatures. Of the 22 checks included in the sample that required dual signatures, 3 checks only contained one facsimile signature. Despite not having dual signatures as required by the Organization's accounting policies and procedures, the disbursements were properly authorized for payment and appear to be proper obligations of the Organization.

Criteria

Catholic Charities' documented accounting policies and procedures governing cash disbursements states that checks \$3,000 and over require two signatures, one of which can not be a facsimile.

Effect

Checks totaling \$14,172 were disbursed from the Organization without proper authorization required by the Organization's accounting policies and procedures.

Recommendation:

Adequate monitoring procedures should be established to verify that the written policies and procedures over the cash disbursement process are being implemented consistently by the Organization.

III. Federal Award Findings and Questioned Costs

There are no current year findings and questioned costs.

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
CORRECTIVE ACTION PLAN
JUNE 30, 2008

Catholic Charities, Inc. respectfully submits the following corrective action plan in response to the findings and recommendations from the June 30, 2008 schedule of findings and questioned costs. The plan for corrective action will be implemented immediately. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2008-01 Financial Statement Findings

Recommendation

Adequate monitoring procedures should be established to verify that the written policies and procedures over the cash disbursement process are being implemented consistently by the Organization.

Corrective Action Plan

Catholic Charities shares certain administrative resources, including accounting functions, with the Diocese of Wilmington, a related party. The finding is a result of accounting personnel accidentally applying the Diocese of Wilmington's financial policy for dual signatures. To eliminate the chance for this confusion in the future, Catholic Charities will change their policy limit to \$5,000 to be consistent with the Diocesan policy.

Questions concerning this corrective action plan should be addressed to Catholic Charities' finance management team at 302-573-3105.

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
JUNE 30, 2008

Finding 2007-01

Low Income Housing Energy Assistance Program - CFDA# 93.568

Condition

Energy assistance benefits were calculated incorrectly in 4 of the 60 cases tested.

Criteria

Catholic Charities, Inc. is to determine eligibility for each beneficiary applicant and calculate the award amount based on household income as it applies to the State of Delaware's guidelines for awarding benefits.

Effect

The amount awarded exceeded eligible benefits by \$960. As a result, these costs are questioned.

Population and Sample Size

	<u>Quantity</u>	<u>Amount</u>
Population	15,000	\$ 7,090,349
Sample	60	20,865
Not in Compliance	4	960
Questioned Costs		960

Recommendation

Appropriate written policies and procedures should be established to ensure proper eligibility determination. Adequate monitoring procedures should be established to verify that the aforementioned policies and procedures for determining eligibility are being implemented consistently by the Organization.

Corrective Action Plan

Catholic Charities is committed to continuously improving and sustaining quality service. Continuous Quality Improvement (CQI) is achieved by means of review processes which are integrated, systematic and ongoing throughout the Organization. Management participates in assessing and evaluating the program's performance and measures performance against its mission, established standards, program goals and objectives and best practice.

CATHOLIC CHARITIES, INC. AND RELATED ENTITIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED
JUNE 30, 2008

Corrective Action Plan - Continued

Written policies and procedures for implementation and monitoring are in existence and have been in existence for 7 years. Each program annually develops a case record review plan, which identifies the number of cases to be reviewed and personnel involved in the review process. Case record review forms are created that define and track documents and elements that are a part of the case record review. All elements required by the oversight agency for the energy assistance program are included on this case record review form.

As a result of this finding, we will include as an element on the case record review form, a process to review data entry input relevant to the selected case. We will also incorporate into our selection process, procedures to assure the intake associated with new or inexperienced employees is monitored more closely. We feel this adequately addresses the risks associated with the finding above.

Questions concerning this corrective action plan should be addressed to Catholic Charities' finance management team at 302-573-3105.

Current Status

No similar findings were noted in the 2008 audit.

INTERFAITH COMMUNITY HOUSING OF DELAWARE, INC. AND SUBSIDIARIES
(Formerly Interfaith Housing of Delaware, Inc. and Subsidiary)

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Interfaith Community Housing of Delaware, Inc. and Subsidiaries.
2. No significant deficiencies relating to the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance relating to the financial statements of Interfaith Community Housing of Delaware, Inc. and Subsidiaries were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for the major federal award program for Interfaith Community Housing of Delaware, Inc. and Subsidiaries expresses an unqualified opinion.
6. The programs tested as major programs were:

<u>Program Name</u>	<u>CFDA #</u>
Home Investment Partnerships Program	14.239
7. Interfaith Community Housing of Delaware, Inc. and Subsidiaries is considered a low-risk auditee. A threshold of \$300,000 was used to distinguish between Type A and Type B programs. Interfaith Community Housing of Delaware, Inc. and Subsidiaries had one major program during the year ended June 30, 2007.

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

**INTERFAITH COMMUNITY HOUSING OF DELAWARE, INC. AND SUBSIDIARIES
(Formerly Interfaith Housing of Delaware, Inc. and Subsidiary)**

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

INTERFAITH COMMUNITY HOUSING OF DELAWARE, INC. AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Interfaith Community Housing of Delaware, Inc. and Subsidiaries.
2. One significant deficiency relating to the audit of the financial statements is reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance relating to the financial statements of Interfaith Community Housing of Delaware, Inc. and Subsidiaries were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for the major federal award program for Interfaith Community Housing of Delaware, Inc. and Subsidiaries expresses an unqualified opinion.
6. The program tested as a major program was:

<u>Program Name</u>	<u>CFDA #</u>
Home Investment Partnerships Program	14.239

7. Interfaith Community Housing of Delaware, Inc. and Subsidiaries is considered a low-risk auditee. A threshold of \$300,000 was used to distinguish between Type A and Type B programs. Interfaith Community Housing of Delaware, Inc. and Subsidiaries had one major program during the year ended June 30, 2008.

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

INTERFAITH COMMUNITY HOUSING OF DELAWARE, INC. AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

RECORDING OF ACCOUNTING ADJUSTMENTS

08-1 Finding

According to the new SAS No. 112 requirement, "Communicating Internal Control-Related Matters Identified in an Audit," a control deficiency exists when the auditor identifies a material misstatement in the financial statements that was not initially identified by the Organization's internal control. During our current year audit, we noted that the Organization relies on the auditor to propose adjustments or corrections of the recorded amounts in its trial balance. We proposed and management agreed to post several adjustments which were considered to be material to the financial statements. These adjustments were needed to reverse prior year audit entries, to record revenue and expenditures, and to write off receivables.

Recommendation

We recommend that the Organization take the necessary action to properly record all of its transactions during the fiscal year in accordance with generally accepted accounting principles.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

INTERFAITH COMMUNITY HOUSING OF DELAWARE, INC. AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Interfaith Community Housing of Delaware, Inc. and Subsidiaries.
2. One significant deficiency relating to the audit of the financial statements is reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." We consider item #08-1 described herein to be a material weakness.
3. No instances of noncompliance relating to the financial statements of Interfaith Community Housing of Delaware, Inc. and Subsidiaries were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133."
5. The auditors' report on compliance for the major federal award program for Interfaith Community Housing of Delaware, Inc. and Subsidiaries expresses an unqualified opinion.
6. The program tested as a major program was:

<u>Program Name</u>	<u>CFDA #</u>
Home Investment Partnerships Program	14.239

7. Interfaith Community Housing of Delaware, Inc. and Subsidiaries is considered a low-risk auditee. A threshold of \$300,000 was used to distinguish between Type A and Type B programs. Interfaith Community Housing of Delaware, Inc. and Subsidiaries had one major program during the year ended June 30, 2009.

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

RECORDING OF ACCOUNTING ADJUSTMENTS

08-1 Finding

According to the new SAS No. 112 requirement, "Communicating Internal Control-Related Matters Identified in an Audit," a control deficiency exists when the auditor identifies a material misstatement in the financial statements that was not initially identified by the Organization's internal control. During our prior

INTERFAITH COMMUNITY HOUSING OF DELAWARE, INC. AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

STATUS OF PRIOR YEAR FINDINGS

year audit, we noted that the Organization relies on the auditor to propose adjustments or corrections of the recorded amounts in its trial balance. We proposed and management agreed to post several adjustments which were considered to be material to the financial statements. These adjustments were needed to reverse prior year audit entries, to record revenue and expenditures, and to write off receivables.

Recommendation

We recommended that the Organization take the necessary action to properly record all of its transactions during the fiscal year in accordance with generally accepted accounting principles.

Status

During our current year audit, we made adjustments for revenue, receivables, net asset allocation, accounts payable, gain (loss) on equity investments in low-income housing projects and construction-in-progress. This finding is still applicable for the current year.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

FIRST STATE COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of First State Community Action Agency, Inc.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of First State Community Action Agency, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for First State Community Action Agency, Inc. expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for First State Community Action Agency, Inc are reported in this schedule.
7. The programs tested as major programs include:
 - Community Services Block Grant - CFDA #93.569
 - Senior Community Service Employment - CFDA #17.235
 - Senior Companion - CFDA #94.016
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. First State Community Action Agency, Inc. qualified as a low-risk auditee.

FIRST STATE COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2008

(continued)

B. Findings - Financial Statement Audit

The new Statement on Auditing Standard 112 clarifies that it is management's responsibility to have a sound financial reporting system in place which includes controls over the preparation of financial statements to include the notes to the financial statements. If management does not possess the necessary skills to prepare financial statements in accordance with generally accepted accounting principles (GAAP), they could choose to engage the services of someone other than the independent auditor to provide the needed assistance.

First State has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of First State to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

08-01 - Senior Companion - CFDA #94.016

Condition: Enrollees did not have background checks done in a timely fashion.

Criteria: As of November 23, 2007, grantees must perform criminal history checks for all candidates. Grantees must conduct State criminal registry checks and National Sex Offender Public Registry (NSOPR) checks. For those enrollees that were already in the program prior to November 23, 2007 only the NSOPR check was required and needed to be completed by February 22, 2008.

Effect: Funding may be disallowed or reduced.

Cause of Condition: Enrollees selected for eligibility testing for Single Audit purposes were determined to not have had their State criminal registry check or NSOPR checks done in a timely fashion or were unable to determine the date in which these checks were performed.

Recommendation: Implement procedures to ensure that all enrollees meet all requirements prior to serving in the program.

Management response: Standard Operating Procedures have been developed and reviewed with staff to ensure compliance requirements are met.

FIRST STATE COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of First State Community Action Agency, Inc.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of First State Community Action Agency, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for First State Community Action Agency, Inc. expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for First State Community Action Agency, Inc are reported in this schedule.
7. The programs tested as major programs include:

Community Services Block Grant - CFDA #93.569
Weatherization - CFDA #81.042
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. First State Community Action Agency, Inc. qualified as a low-risk auditee.

FIRST STATE COMMUNITY ACTION AGENCY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

(continued)

B. Findings - Financial Statement Audit

The new Statement on Auditing Standard 112 clarifies that it is management's responsibility to have a sound financial reporting system in place which includes controls over the preparation of financial statements to include the notes to the financial statements. If management does not possess the necessary skills to prepare financial statements in accordance with generally accepted accounting principles (GAAP), they could choose to engage, the services of someone other than the independent auditor to provide the needed assistance.

First State has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of First State to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

**OFFICE OF COMMUNITY SERVICES
 DELAWARE ENERGY ASSISTANCE PROGRAM (LIHEAP)
 Subgrantee Administrative Review Form**

Subgrantee Agency	Counties Served
Staff Person(s) Interviewed	OCS Reviewer
Review Dates:	OCS Review Report Date: Subgrantee Response Date:

AGENCY STAFFING

1. List the position titles and number of staff who work directly on the Energy Assistance Program (including supervisory staff, intake and/or case work staff, support staff).
2. What are the basic duties of the intake staff? (Reviewer: *attach job description*)
3. How are new intake workers trained?
4. What resources are available to intake staff to ensure they understand and use the correct program rules?
5. Check the the following forms used by intake staff- application forms, income guidelines, benefit matrix, and program guidelines. Are the current versions being used?

OUTREACH ACTIVITIES

6. What *specific* efforts were made by the subgrantee, this year, to publicize the availability of energy assistance benefits? (for example: ads, mailings, news articles, brochures, posters)

ACCESS TO APPLY

7. List the locations, by county, where an application can be submitted.
8. Are the intake offices accessible to persons with disabilities?
9. Are intake offices located in proximity to low-income neighborhoods and/ or on a bus route?
10. Does the subgrantee have any arrangements for translation for non-English speaking applicants?
11. Do the intake offices provide interview areas where the application interview is private?
12. How are the elderly and disabled given special access to apply for the program?
13. Does the subgrantee have an application mail-in program? Who qualifies? What is the time frame for the mail-in?
14. Does the subgrantee have any non-traditional hours which would accommodate an application by a working head of household?

**OFFICE OF COMMUNITY SERVICES
 DELAWARE ENERGY ASSISTANCE PROGRAM (LIHEAP)
 Subgrantee Administrative Review Form**

SERVICE COORDINATION

- 9. How does the subgrantee coordinate the application process with the State Service Centers?
- 10. What formal understandings and agreements are in place with other social service agencies and government agencies?
- 11. Does the subgrantee have a current written agreement with all of its utility vendors? (Reviewer: *attach and review copies.*)
- 12. Does the intake office have information, posters, brochures and so forth on other social service programs?

CASE FILE MONITORING

- 13. What problems did the case file monitoring reviews identify in the area of income calculation?
- 14. What problems did the case file monitoring reviews identify in the area benefit determination?
- 15. What problems did the case file monitoring reviews identify in the area of the documentation and verification of the information on the application?
- 16. What was the average time between the approval of the benefit and the payment to the vendor?
- 17. What is the subgrantee's procedure for handling appeals of denied cases?
- 18. Describe any efforts the subgrantee has made at energy education for clients.
- 19. Does the subgrantee have any procedures for supervisory or second party review of cases as they are processed?

SUBGRANTEE FISCAL

20. Enter the following information for the Subgrantee in the 2009-10 program year.

CATEGORY	BUDGET	EXPENDITURE	PERCENT EXPENDED
Administration	\$	\$	%
Heating Benefits	\$	\$	%
Cooling Benefits	\$	\$	%
Other	\$	\$	%
Total		\$	%

- 21. What percentage of the Subgrantee's total budget was expended in the 2009-10 program year?
- 22. What was the difference in the rate of administrative expenditures to program benefit expenditures?

**OFFICE OF COMMUNITY SERVICES
 DELAWARE ENERGY ASSISTANCE PROGRAM (LIHEAP)
 Subgrantee Administrative Review Form**

- 23. Are there any outstanding fiscal claims issues between the subgrantee and DHSS for the 2009-10 program year? Explain.
- 24. Are there any outstanding subgrantee audit issues involving the Energy Assistance Program? Explain:
- 25. Are there any outstanding vendor payment issues between the subgrantee and the utility vendors?
- 26. List the sources and amounts of leveraged funds reported by the Subgrantee for the latest year.

Leverage Source	Amount
	\$
	\$
	\$

- 27. Did Subgrantee receive a share of leveraged funds based on its report? How much?
- 28. Did the subgrantee claim EAP funds on a timely basis during the 2009-10 program year?

SUBGRANTEE REPORTING

- 29. Did the subgrantee submit the required *quarterly* financial reports in a timely and accurate manner in the 2009-10 program year?
- 30. Did the Subgrantee submit the required *final* financial report in a timely (due by October 15, 2010) and accurate manner?.
- 31. Were statistical reports submitted in a timely and accurate manner in the 2009-10 program year?

32. Show the results of statistical reports by county:

County:	Households Served	Elderly Households	Disabled Households
2009-10 Heating			
2009-10 Crisis			
2010 Cooling			

County:	Households Served	Elderly Households	Disabled Households
2009-10 Heating			
2009-10 Crisis			
2010 Cooling			

APPENDIX B

Page 1 of 2

SERVICES DESCRIPTION

CAP SYSTEMS, INC. / CAPTAIN SOFTWARE

The following is a list of activities to be performed by CAP Systems, Inc. / CAPTAIN Software as the Scope of Services under the above referenced contract.

I. PROVIDE ON-GOING CAPTAIN SOFTWARE MAINTENANCE AND SUPPORT OF LICENSING UPGRADES AND PROGRAM INFORMATION FOR THE DELAWARE ENERGY ASSISTANCE PROGRAM (DEAP).

- A. Ongoing maintenance of CAPTAIN Software.
- B. Availability by phone, email or Internet to troubleshoot and correct routine problems on a daily basis.

II. CREATE APPOINTMENT SCHEDULING FUNCTIONALITY

- A. Agencies to have capability to schedule clients appointments via computer at multiple locations.
- B. Ability to revise scheduling dates and times as required.

III. MAINTAIN DEAP APPLICANT DATABASE FOR UP TO 25,000 APPLICANTS.

- A. Print applications and updates for previous year applicants already entered into the computer. Update screen should closely resemble paper applications.
- B. Print address labels for applicants and vendors.
- C. Establish vendor codes for 2 party checks.
- D. Tracks demographics by category (i.e., age, county, ethnicity, etc.).
- E. Tracks applicants by social security number to eliminate duplication of services.
- F. Preparation for remote print of applicant eligibility status letters including phone number for each of three counties.
- G. Prints applicant eligibility lists for vendors.
- H. Tracks eligibility and benefits separately for up to six (6) DEAP services including fuel assistance, crisis assistance, summer electric, air conditioning, weatherization, and ability to add a sixth program service to be named later.
- I. Make program changes upon request (i.e., funding, eligibility, benefits, and income guidelines).

DIVISION REQUIREMENTS / PAYMENTS

CAP SYSTEMS, INC. / CAPTAIN SOFTWARE

3 Cabot Place

Suite 1

Stoughton, MA 02072

The Contractor shall submit the following invoices and reports to DSSC:

- I. Contractor will submit to DSSC one invoice for initial payment of \$16,380., once the Contractor receives a fully executed contract signed by all parties. This payment represents half of the amount for maintenance and 100% of the amount for user fees for a 12-month period.
- II. Contractor will invoice DSSC \$10,080., for the balance of the maintenance fees on or after July 31, 2010.
- III. Contractor will invoice DSSC \$10,000 upon approval by DSSC for satisfactory completion of Appointment Scheduling System.
- IV. Audit reports are required in compliance with OMB Circular A-133 (Audits of Institutions of Higher Education and other Nonprofit Institutions) or OMB Circular A-128 (Audits of State and Local Governments), as may be appropriate, unless the Contractor is exempt under the appropriate circular.
- V. Invoices and correspondence must be submitted to:

Leslie L. Lee
DHSS/DSSC/OCS
1901 N. DuPont Highway
Charles Debnam Building
New Castle, DE 19720

under this Contract. Upon the request of the Department, the Contractor shall execute additional documents as are required to assure the transfer of such copyrights to the Department.

If the use of any services or deliverables is prohibited by court action based on a U.S. patent or copyright infringement claim, Contractor shall, at its own expense, buy for the Department the right to continue using the services or deliverables or modify or replace the product with no material loss in use, at the option of the Department.

22. Contractor agrees that no information obtained pursuant to this Contract may be released in any form except in compliance with applicable laws and policies on the confidentiality of information and except as necessary for the proper discharge of the Contractor's obligations under this Contract.
23. Waiver of any default shall not be deemed to be a waiver of any subsequent default. Waiver or breach of any provision of this Contract shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of the Contract unless stated to be such in writing, signed by authorized representatives of all parties and attached to the original Contract.
24. If the amount of this contract listed in Paragraph C2 is over \$25,000, the Contractor, by their signature in Section E, is representing that the Firm and/or its Principals, along with its subcontractors and assignees under this agreement, are not currently subject to either suspension or debarment from Procurement and Non-Procurement activities by the Federal Government.

C) Financial Requirements

1. The rights and obligations of each Party to this Contract are not effective and no Party is bound by the terms of this contract unless, and until, a validly executed Purchase Order is approved by the Secretary of Finance and received by Contractor, *if required by the State of Delaware Budget and Accounting Manual*, and all policies and procedures of the Department of Finance have been met. The obligations of the Department under this Contract are expressly limited to the amount of any approved Purchase Order. The State will not be liable for expenditures made or services delivered prior to Contractor's receipt of the Purchase Order.
2. Total payments under this Contract shall not exceed **\$36,460.00 (Thirty Six Thousand Four Hundred Sixty Dollars)** in accordance with the budget presented in Appendix C. Payment will be made upon receipt of an itemized invoice from the Contractor in accordance with the payment schedule, if any. The contractor or vendor must accept full payment by procurement (credit) card and or conventional check and/or other electronic means at the State's option, without imposing any additional fees, costs or conditions. Contractor is responsible for costs incurred in excess of the total cost of this Contract and the Department is not responsible for such costs.

3. The Contractor is solely responsible for the payment of all amounts due to all subcontractors and suppliers of goods, materials or services which may have been acquired by or provided to the Contractor in the performance of this contract. The Department is not responsible for the payment of such subcontractors or suppliers.
4. The Contractor shall not assign the Contract or any portion thereof without prior written approval of the Department and subject to such conditions and revisions as the Department may deem necessary. No such approval by the Department of any assignment shall be deemed to provide for the incurrence of any obligations of the Department in addition to the total agreed upon price of the Contract.
5. Contractor shall maintain books, records, documents and other evidence directly pertinent to performance under this Contract in accordance with generally accepted accounting principles and practices. Contractor shall also maintain the financial information and data used by Contractor in the preparation of support of its bid or proposal. Contractor shall retain this information for a period of five (5) years from the date services were rendered by the Contractor. Records involving matters in litigation shall be retained for one (1) year following the termination of such litigation. The Department shall have access to such books, records, documents, and other evidence for the purpose of inspection, auditing, and copying during normal business hours of the Contractor after giving reasonable notice. Contractor will provide facilities for such access and inspection.
6. The Contractor agrees that any submission by or on behalf of the Contractor of any claim for payment by the Department shall constitute certification by the Contractor that the services or items for which payment is claimed were actually rendered by the Contractor or its agents, and that all information submitted in support of the claims is true, accurate, and complete.
7. The cost of any Contract audit disallowances resulting from the examination of the Contractor's financial records will be borne by the Contractor. Reimbursement to the Department for disallowances shall be drawn from the Contractor's own resources and not charged to Contract costs or cost pools indirectly charging Contract costs.
8. When the Department desires any addition or deletion to the deliverables or a change in the services to be provided under this Contract, it shall so notify the Contractor. The Department will develop a Contract Amendment authorizing said change. The Amendment shall state whether the change shall cause an alteration in the price or time required by the Contractor for any aspect of its performance under the Contract. Pricing of changes shall be consistent with those prices or costs established within this Contract. Such amendment shall not be effective until executed by all Parties pursuant to Paragraph B 14.

**OFFICE OF COMMUNITY SERVICES
DELAWARE ENERGY ASSISTANCE PROGRAM**

Case File Review Form

Cooling/Air conditioners

IDENTIFYING INFORMATION	Subgrantee Agency: County: Kent <input type="checkbox"/> Sussex <input type="checkbox"/> NC <input type="checkbox"/> OCS Reviewer: _____ Review Date:9/27/10
	Head of Household: _____ Case File No.: _____
	Application date: _____ No. in household: _____
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is the application complete, signed and dated by the head of the household?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is the application complete, signed and dated by the interviewer?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Does the case file contain proper documentation for each of the household members?
INCOME	Household Gross Annual Income: \$ 2010 Income Standard for Family Size: \$
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> DENIED	Comparing the total gross income to the 2010 income standards, based on household size, was the household correctly eligible for the program benefit?
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N.A.	If benefit was denied is there a copy of the denial, with right to appeal notice, in the case?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is documentation verifying the gross income amount(s) in the case file?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is the annual income figured correctly?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Did the reviewer recalculate income?
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N.A.	If any adult (over 18) reported <i>zero</i> income, was it verified by a declaration signed by the person or the head of household?
<input type="checkbox"/> YES <input type="checkbox"/> NO	If the air conditioner has been installed is a signed acknowledgement in the client file.
<input type="checkbox"/> YES <input type="checkbox"/> NO	Has an inspection been completed.

**OFFICE OF COMMUNITY SERVICES
DELAWARE ENERGY ASSISTANCE PROGRAM (LIHEAP)**

**OFFICE OF COMMUNITY SERVICES
DELAWARE ENERGY ASSISTANCE PROGRAM**

Case File Review Form

Fuel-Cooling

IDENTIFYING INFORMATION	Subgrantee Agency: County: Kent <input type="checkbox"/> Sussex <input type="checkbox"/> NC <input type="checkbox"/>
	OCS Reviewer: Review Date: 9-28-10
	Head of Household: Case File No.:
	Application date: No. in household:
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is the application complete, signed and dated by the head of the household?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is the application complete, signed and dated by the interviewer?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Does the case file contain proper documentation of the identity of all household members?
INCOME	Household Gross Annual Income: \$ 2010 Income Standard for Family Size: \$
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> DENIED	Comparing the total gross income to the 2010 income standards, based on household size, was the household correctly eligible for the program benefit?
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N.A.	If benefit was denied is there a copy of the denial, with right to appeal notice, in the case?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is documentation verifying the annual income amount(s) in the case file?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is the annual income figured correctly?
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N.A.	If any adult (over 18) reported <i>zero</i> income, was it verified by a signed declaration from the person or head of household?
<input type="checkbox"/> YES <input type="checkbox"/> NO	Is the fuel vendor indicated on the application?
BENEFIT	Heating Amount:\$ Crisis Amount:\$ Cooling Amount:\$
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N.A.	Were the benefit amounts correct based on the 2010 benefit matrix?
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N.A.	
<input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N.A.	

**OFFICE OF COMMUNITY SERVICES
DELAWARE ENERGY ASSISTANCE PROGRAM (LIHEAP)
Case File Review Form**

COMMENTS	