

**ATTACHMENT G**

**PLAN SUPPLEMENT**

**LIHEAP PROGRAM INTEGRITY ASSESSEMENT  
AND  
STATE OF FLORIDA COMPLIANCE AND INTERNAL CONTROLS OVER  
FINANCIAL REPORTING AND FEDERAL AWARDS FOR FISCAL YEAR ENDING  
JUNE 20, 2009 AND FISCAL YEAR ENDING JUNE 20, 2007**

**ATTACHMENT G**  
**FLORIDA PROGRAM INTEGRITY ASSESSMENT SUPPLEMENT TEMPLATE**  
 Low Income Home Energy Assistance Program (LIHEAP)

**ABSTRACT:**

HHS is requiring further detail from Grantees on their FY2012 plans for preventing and detecting fraud, abuse, and improper payments. HHS is also requiring that Grantees highlight and describe all elements of this FY2012 plan which represent improvements or changes to the Grantees' FY2011 plan for preventing and detecting fraud, abuse and improper payment prevention.

*Instructions: Please provide full descriptions of the Grantee's plans and strategy for each area, and attach/reference excerpts from relevant policy documents for each question/column. Responses must explicitly explain whether any changes are planned for the new FY.*

State, Tribe or Territory (and grant official): Florida	Date/Fiscal Year: 2012-2013		
<b>RECENT AUDIT FINDINGS</b>			
Describe any audit findings of material weaknesses and reportable conditions, questioned costs and other findings cited in FY2011 or the prior three years, in annual audits, Grantee 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 FY2012.	If there is no plan in place, please explain why not.	Necessary outcomes from these systems and strategies
A-133 audits are conducted on the Florida LIHEAP by the Office of the Florida Auditor General. Summaries of the audits for 2009, 2010 and 2011 are attached.	All issues have been addressed. See attached reports.		The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.

## COMPLIANCE MONITORING

Describe the Grantee's FY 2011 strategies that will continue in FY 2012 for monitoring compliance with State and Federal LIHEAP policies and procedures by the Grantee and local administering agencies.	Please highlight any strategies for compliance monitoring from your plan which will be newly implemented as of FY 2012.	If you don't have a firm compliance monitoring system in place for FY 2011, please describe how the State is verifying that LIHEAP policy and procedures are being followed.	Necessary outcomes from these systems and strategies
<p>At least once every three years, the Department conducts on-site monitoring of administrative, fiscal and program operations. Fiscal operations are sampled and reviewed on-site for compliance with OMB Circulars, contractual requirements and the grantee's fiscal policies and procedures. A sample of client files are reviewed during the on-site visits to ensure that appropriate documentation (i.e., proof of income, energy obligation, etc.) was obtained by the grantee, to determine the client's eligibility to receive LIHEAP benefits. A formal monitoring instrument is completed and a report prepared. The report is sent to the grantee and any concerns or findings must be addressed by the subgrantee in writing. The response must include evidence that all issues have been resolved or a schedule and work plan to do so.</p> <p>Monthly financial reports are received and reviewed to assure that funds are being expended according to contractual guidelines.</p> <p>Quarterly program reports are received electronically and reviewed to assure that program goals are being met.</p> <p>All local agencies are required to comply with the Single Audit Act. Audits must be submitted to the Department and are reviewed by the Office of the Inspector General (IG). The IG provides the program section with a statement of any findings. If a management letter is required, the program section issues the letter and coordinates the response with the IG.</p>	<p>During 2009-2010, the Department developed and field tested a new monitoring instrument and process. This instrument includes additional financial and program tests. This includes a review of the local agency's program policies and procedures. The new LIHEAP monitoring checklist was presented to LIHEAP grantees in May, 2011 at the annual Florida Association for Community Action (FACA) training conference. As staff continues to utilize the new instrument, it will be amended to address further enhancements in the areas of fraud detection and prevention. It will also be used as a teaching tool to review program requirements, best practices and necessary safeguards.</p>		<p><i>A sound methodology, with a schedule for regular monitoring and a more effective monitoring tool to gather information.</i></p>

FRAUD REPORTING MECHANISMS				
For FY 2011 activities continuing in FY 2012, please describe all (a) mechanisms available to the public for reporting cases of suspected LIHEAP fraud, waste or abuse [These may include telephone hotlines, websites, email addresses, etc.]; (b) strategies for advertising these resources.	Please highlight any tools or mechanisms from your plan which will be newly implemented in FY 2012, and the timeline for that implementation.	If you don't have any tools or mechanisms available to the public to prevent fraud or improper payments, please describe your plan for involving all citizens and stakeholders involved with your program in detecting fraud.	Necessary outcomes of these strategies and systems	
<p>The State of Florida has both a Consumer Hotline (1-800-848-3792) and an on line (<a href="http://www.fightfraud.org">http://www.fightfraud.org</a>) reporting system for fraud.</p> <p>The Department website lists State and local program contacts where fraud could be reported as well as Department telephone and mail contact information.</p> <p>The State LIHEAP contract requires that , "The Recipient will post the following notice in a conspicuous place at all points where LIHEAP applications are received: No money, cash or checks, will be requested or received from customers in a LIHEAP office. If an employee asks for money, report this to the agency Executive Director or Department Head."</p> <p>The Division of Financial Investigations reviews alleged violations of the law in the area of fraud against the government, public corruption, and white collar crime. The Office of the Inspector General, located within the Department of Community Affairs, investigates allocations of fraud in the programs administered by the Department including LIHEAP.</p>	<p>No Change.</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>	

## VERIFYING APPLICANT IDENTITIES

<p>Describe all FY 2011 Grantee policies continuing in FY2012 for how identities of applicants and household members are verified.</p>	<p>The Department LIHEAP agreement states that, "The Recipient will define in a written policy what criteria and verification will be used to determine if a household has a "home energy crisis" and eligible for crisis assistance." The agreement also requires the Recipient to maintain customer information which includes: their name, address, sex, age, names and ages; identification documentation of all household members; income amount and verification for all household members; and income documentation to support eligibility.</p>	<p>Please highlight any policy or strategy from your plan which will be newly implemented in FY 2012.</p>	<p>The Department policies regarding LIHEAP customer identification and eligibility verification will be reviewed and strengthened. Additional third party verification of information will be explored and implemented where feasible.</p> <p>These revised policies will include:</p> <ul style="list-style-type: none"> <li>-acceptable forms of identification for all members of the household</li> <li>-annual in-person interviews with applicants</li> <li>-the use of Social Security Numbers</li> <li>-methods for documenting the identity to all individuals in the household</li> <li>-recordkeeping of identity information</li> <li>-cross checking applicants identification with utility billing information, residence location (billing address, lease, property tax statement, etc.)</li> <li>-client tracking systems to prevent household members from being claimed on more than one application</li> <li>-cross-checking SNAP's documentation with LIHEAP applications will be required.</li> </ul> <p>Florida has an enhanced driver's licenses process that will be used to support identity information.</p>	<p>If you don't have a system in place for verifying applicant's identities, please explain why and how the Grantee is ensuring that only authentic and eligible applicants are receiving benefits.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>The Department LIHEAP agreement states that, "The Recipient will define in a written policy what criteria and verification will be used to determine if a household has a "home energy crisis" and eligible for crisis assistance." The agreement also requires the Recipient to maintain customer information which includes: their name, address, sex, age, names and ages; identification documentation of all household members; income amount and verification for all household members; and income documentation to support eligibility.</p>	<p>The Department policies regarding LIHEAP customer identification and eligibility verification will be reviewed and strengthened. Additional third party verification of information will be explored and implemented where feasible.</p> <p>These revised policies will include:</p> <ul style="list-style-type: none"> <li>-acceptable forms of identification for all members of the household</li> <li>-annual in-person interviews with applicants</li> <li>-the use of Social Security Numbers</li> <li>-methods for documenting the identity to all individuals in the household</li> <li>-recordkeeping of identity information</li> <li>-cross checking applicants identification with utility billing information, residence location (billing address, lease, property tax statement, etc.)</li> <li>-client tracking systems to prevent household members from being claimed on more than one application</li> <li>-cross-checking SNAP's documentation with LIHEAP applications will be required.</li> </ul> <p>Florida has an enhanced driver's licenses process that will be used to support identity information.</p>	<p>Please highlight any policy or strategy from your plan which will be newly implemented in FY 2012.</p>	<p>The Department policies regarding LIHEAP customer identification and eligibility verification will be reviewed and strengthened. Additional third party verification of information will be explored and implemented where feasible.</p> <p>These revised policies will include:</p> <ul style="list-style-type: none"> <li>-acceptable forms of identification for all members of the household</li> <li>-annual in-person interviews with applicants</li> <li>-the use of Social Security Numbers</li> <li>-methods for documenting the identity to all individuals in the household</li> <li>-recordkeeping of identity information</li> <li>-cross checking applicants identification with utility billing information, residence location (billing address, lease, property tax statement, etc.)</li> <li>-client tracking systems to prevent household members from being claimed on more than one application</li> <li>-cross-checking SNAP's documentation with LIHEAP applications will be required.</li> </ul> <p>Florida has an enhanced driver's licenses process that will be used to support identity information.</p>	<p>If you don't have a system in place for verifying applicant's identities, please explain why and how the Grantee is ensuring that only authentic and eligible applicants are receiving benefits.</p>	<p>Necessary outcomes from these systems and strategies</p>

**SOCIAL SECURITY NUMBER REQUESTS**

<p>Describe the Grantee's FY 2012 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.</p>	<p>Please describe whether the State's policy for requiring or not requiring Social Security numbers is new as of FY2012, or remaining the same.</p>	<p>If the Grantee is not requiring Social Security Numbers of LIHEAP applicants and/or household members, please explain what supplementary measures are being employed to prevent fraud.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>The Department has reviewed the State privacy law in light of the recent revision of HHS policy regarding the use of Social Security Numbers in the LIHEAP application process. The Department will implement the policy recommended by HHS. Local LIHEAP agencies will require Social Security Numbers of all members of the household. Some specific limited exceptions may apply and alternatives to the SSN identified. The Department will work with local LIHEAP agencies to develop methodologies and systems to (1) safeguard the customer's identity and (2) use this information to validate household eligibility.</p>	<p>This will be a new State policy.</p>		<p>All valid household members are reported for correct benefit determination.</p>

**CROSS-CHECKING SOCIAL SECURITY NUMBERS AGAINST GOVERNMENT SYSTEMS/DATABASES**

<p>Describe if and how the Grantee used existing government systems and databases to verify applicant or household member identities in FY 2011 and continuing in FY 2012. (Social Security Administration Enumeration Verification System, prisoner databases, Government death records, etc.)</p>	<p>Please highlight which, if any, policies or strategies for using existing government databases will be newly implemented in FY 2012.</p>	<p>If the Grantee won't be cross checking Social Security Numbers and ID information with existing government databases, please describe how the Grantee will supplement this fraud prevention strategy.</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>The Department does not currently use third party databases to verify applicant information.</p>	<p>The Department will evaluate which databases are or can be made accessible to local LIHEAP agencies and how they might be used in verifying applicant eligibility.</p>	<p>Policies will be developed to support correlating official ID to the applicant's Social Security number. Subgrantees will be required to maintain a system that will check all household member's SSNs against previous applications.</p>	<p>Use of all available database systems to make sound eligibility determination.</p>

<b>VERIFYING APPLICANT INCOME</b>			
<p>Describe how the Grantee or designee used State Directories of new hires or similar systems to confirm income eligibility in FY 2011 and continuing in FY 2012.</p>	<p>Please highlight any policies or strategies for using new hire directories which will be newly implemented in FY 2012.</p>	<p>If the Grantee won't be using new hire directories to verify applicant and household member incomes how will the Grantee be verifying the that information?</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>LIHEAP agencies require documentation of income to be provided by the applicant. The Department does not currently use third party databases to verify applicant information. Income must be documented through pay subs, tax records, unemployment insurance documents, employer letters, and social security or other official award information. Bank statements are not accepted. For automatic eligibility, SNAP, CSBG or WAP intake documentation is accepted. A statement of income is accepted in limited cases.</p>	<p>The Department will evaluate which databases are or can be made accessible to local LIHEAP agencies and how they might be used in verifying applicant eligibility.</p> <p>The Department will review the use of self – declarations of income to identify alternatives. A policy will be developed to further limit their use. The monitoring process will review the number of self-declarations an agency accepts and provide assistance to those agencies whose percentage is higher than average.</p>		<p>Effective income determination achieved through coordination across program lines.</p>

**PRIVACY-PROTECTION AND CONFIDENTIALITY**

<p>Describe the financial and operating controls in place in FY 2011 that will continue in FY 2012 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 FY 2012.</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>Local LIHEAP agencies do not uniformly collect Social Security Numbers. Those that do typically do not maintain the entire number in the customer's file.</p> <p>Florida has a very broad public records law. During 2010, a private entity requested the names and addresses of LIHEAP customers. After consulting with the Department's</p>	<p>As the Department develops policies for the collection and use of Social Security Numbers, a more comprehensive policy will be developed regarding customer privacy and confidentiality.</p>	<p>Working with the local LIHEAP agencies, the Department will develop more standardized policies and methods of customer privacy and confidentiality.</p> <p>Once developed, (1) the LIHEAP subgrantee agreement will be modified to include any new</p>	<p>Clear and secure methods that maintain confidentiality and safeguard the private information of applicants.</p>

General Counsel and HHS, it was determined that no federal or state protection exist for this information. Local LIHEAP agencies provided the information requested to the party. State law is more restrictive concerning the collection and protection of Social Security Numbers and medical information.

requirements; (2) training will be provided to all LIHEAP agency staff on the new requirements, (3) LIHEAP agencies will be required to document that they have implemented the new requirements, and (4) Department monitoring process will be amended to include an on-site review of the implementation of the policies and methods.

**LIHEAP BENEFITS POLICY**

Describe FY 2011 Grantee policies continuing in FY 2012 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 FY 2012.	If the Grantee 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 Grantee taking to ensure program integrity.	Necessary outcomes from these systems and strategies
<p>According to the Florida LIHEAP State Plan, State Rule 9B-65, the LIHEAP subgrantee agreement requires that subgrantees, "Make vendor payments directly to fuel providers or recipients on behalf of eligible clients, or in instances where vendor agreements cannot be negotiated, make payments directly to clients in the form of a two party check."</p> <p>The CSBG contract states: " A person or organization who has been placed on the convicted vendor list following a conviction for a public entity crime or on the discriminatory vendor list may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor,</p>	<p>The Department policies regarding LIHEAP vendor agreements will be reviewed and strengthened. The annual certification of vendors by subgrantees will be required.</p> <p>The Department will work with the subgrantees and major vendors and their representative organizations to develop model vendor agreements.</p> <p>A cross-check of vendor agreements with financial payment records will be added to the on-site monitoring tool.</p> <p>Additional guidance and training will be provided to the subgrantees on this topic.</p> <p>Additional best practices will be</p>	<p>Working with the local LIHEAP agencies, the Department will develop more standardized policies and methods of fraud and theft prevention related to vendor payments.</p> <p>Once developed, (1) the LIHEAP subgrantee agreement will be modified to include any new requirements; (2) training will be provided to all LIHEAP agency staff on the new requirements, (3) LIHEAP agencies will be required to document that they have implemented the new requirements, and (4) Department monitoring process will be amended to include an on-site review of the implementation of the policies and methods.</p>	<p>Authorized energy vendors are receiving payments on behalf of LIHEAP eligible clients.</p>

<p>supplier, subcontractor, or consultant under a contract with a public entity, and may not transact business with any public entity in excess of \$25,000.00 for a period of 36 months from the date of being placed on the convicted vendor list or on the discriminatory vendor list.”</p> <p>Written agreements between the vendor and subgrantee are required and must be submitted annually as supporting documentation with the subgrantee agreement.</p> <p>Beginning in 2010, the Department checked each vendor named by the local LIHEAP agencies against the Excluded Parties List System (EPLS).</p>	<p>researched and minimum standards for fraud and theft prevention will be developed.</p>	
--	---	--

<b>PROCEDURES FOR UNREGULATED ENERGY VENDORS</b>		
<p>Describe the Grantee's FY 2011 procedures continuing in FY 2012 for averting fraud and improper payments when dealing with bulk fuel dealers of heating oil, propane, wood and other un-regulated energy utilities.</p> <p>The policies and procedures are the same for all utility vendors. See LIHEAP Benefit Policy above.</p>	<p>Please highlight any strategies policy in this area which will be newly implemented in FY 2012.</p> <p>The policies and procedures are the same for all utility vendors. See LIHEAP Benefit Policy above.</p>	<p>If you don't have a firm plan for averting fraud when dealing with unregulated energy vendors, please describe how the Grantee is ensuring program integrity.</p>
		<p>Necessary outcomes from these systems and strategies</p> <p><i>Participating vendors are thoroughly researched and inspected before benefits are issued.</i></p>

**VERIFYING THE AUTHENTICITY OF ENERGY VENDORS**

<p>Describe Grantee FY 2011 policies continuing in FY 2012 for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the Grantee's procedure for averting fraud.</p>	<p>Please highlight any policies for verifying vendor authenticity which will be newly implemented in FY 2012.</p>	<p>If you don't have a system in place for verifying vendor authenticity, please describe how the Grantee can ensure that funds are being distributed through valid intermediaries?</p>	<p>Necessary outcomes from these systems and strategies</p>
<p>The policies and procedures are the same for all utility vendors. See LIHEAP Benefit Policy above.</p>	<p>The policies and procedures are the same for all utility vendors. See LIHEAP Benefit Policy above.</p>		<p>An effective process that effectively confirms the existence of entities receiving federal funds.</p>

**TRAINING AND TECHNICAL ASSISTANCE**

<p>In regards to fraud prevention, please describe elements of your FY 2011 plan continuing in FY 2012 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 FY 2012.</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>Staff and subgrantee training emphasizes the importance of primary income documentation verification and vendor relations.</p> <p>A half-day session on Fraud Prevention was presented to subgrantees in May, 2011 at the annual Florida Association for Community Action (FACA) training conference. The Presentation is available on the FACA website at FACA.org.</p>	<p>Working with the local LIHEAP agencies, the Department will develop more standardized policies and methods of fraud and theft prevention related to vendor payments. The Department will seek out and provide training opportunities specific to quality improvement and fraud prevention for both State and local LIHEAP staff.</p> <p>As new policies and procedures are developed, the Department will : (1) modify the LIHEAP subgrantee agreement to include any new requirements; (2) provide training to all LIHEAP State staff and key local LIHEAP staff on the new requirements, (3) require documentation that local subgrantees have</p>		<p>The timely and thorough resolution of weaknesses or reportable conditions as revealed by the audit.</p>

	implemented the new requirements, and (4) modify the State monitoring process to include an on-site review of the implementation of the policies and methods.	
--	---	--

**AUDITS OF LOCAL ADMINISTERING AGENCIES**

Please describe the annual audit requirements in place for local administering agencies in FY 2011 that will continue into FY 2012.	Please describe new policies or strategies to be implemented in FY 2012.	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>Subgrantee contracts require that all LIHEAP agencies comply with the appropriate OMB Audit requirements. Audits are submitted to and reviewed by the Department's office of the Inspector General (IG). Both the program office and the IG track the audits to assure audits are received. The IG issues a technical assistance memo to the program. If further action is needed, an Administrative letter requiring a response and corrective action plan is issued to the subrecipient. The program along with the IG reviews the subrecipient's response and decides if the actions taken are satisfactory. Together the three parties work to resolve the issue.</p>	<p>Policy unchanged.</p>		<p>Reduce improper payments, maintain local agency integrity, and benefits awarded to eligible households.</p>

**Additional Information**

Please attach further information that describes the Grantee's Program Integrity Policies, including supporting documentation from program manuals, including pages/sections from established LIHEAP policies and procedures.

**Additional Information**

2008, 2009, and 2010 Compliance and Internal Controls Audits; Florida LIHEAP Rule – 9B-65; Florida Subgrantee LIHEAP agreement; Monitoring Instrument

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 10-049</b>
<b>CFDA Number</b>	93.568
<b>Program Title</b>	<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>
<b>Compliance Requirement</b>	Matching, Level of Effort, Earmarking
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	2008G992201; 2008G992212 2008
<b>Finding Type</b>	Noncompliance and Significant Deficiency Questioned Costs – \$112,446.87
<b>Finding</b>	FDCA's procedures did not effectively ensure that no more than 15 percent of LIHEAP funds were used for low-cost residential weatherization or other energy-related home repairs for low-income households.
<b>Criteria</b>	42 USC 8624(k), <i>Applications and requirements, Limitation on use of funds, waiver</i>
<b>Condition</b>	USDHHS awarded FDCA \$30,406,242 for the 2008 Federal fiscal year, of which no more than 15 percent (or \$4,560,936.30) may be used for weatherization. However, FDCA expended \$146,536.17 in weatherization administrative costs and \$4,526,847.00 in low-cost residential weatherization or other energy-related home repairs, for a total of \$4,673,383.17, or \$112,446.87 more than the 15 percent maximum earmarking requirement.
<b>Cause</b>	According to FDCA staff, \$13,551.87 of the overage was due to an unexpected high indirect cost rate for 2008, and \$98,895 was due to the transfer of expenditures from the 2007 award to the 2008 award. Also, although FDCA used an internal spreadsheet to track amounts budgeted and expended for weatherization, related administrative costs were not included when calculating the 15 percent maximum earmarking requirement.
<b>Effect</b>	Costs in excess of the 15 percent earmarking requirement may be subject to repayment.
<b>Recommendation</b>	We recommend that FDCA enhance its procedures to ensure that no more than 15 percent of LIHEAP funds are used for low-cost residential weatherization or other energy-related home repairs for low-income households.
<b>State Agency Response and Corrective Action Plan</b>	The FDCA will ensure that in the future no more than 15 percent for LIHEAP funds are utilized for low-cost residential weatherization or energy-related home repairs for low-income dwellings from the appropriated budget year. The internal tracking and waiver process will be corrected by utilizing only those funds appropriated for the specific budget year when making the transfer to the Weatherization program from the LIHEAP funds and to ensure we do not include carry forward funding from previous LIHEAP annual allocations.
<b>Estimated Corrective Action Date</b>	2/28/11
<b>Agency Contact and Telephone Number</b>	Paula Lemmo, Community Program Manager (850) 922-1844

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 09-051</b>
<b>CFDA Number</b>	93.568
<b>Program Title</b>	<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles; Matching, Level of Effort, Earmarking; and Reporting
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Significant Deficiency
<b>Prior Year Finding</b>	Report No. 2009-144, Finding No. FA 08-046
<b>Finding</b>	FDCA management had not established appropriate internal controls regarding user access and systems development and modification for the Grants Administration System (GAS).
<b>Criteria</b>	<p>45 CFR 96.30(a), <i>Fiscal control and accounting procedures</i></p> <p>Information Technology Best Practices</p> <p>Access Controls: Management should implement and document procedures that provide access control based on an individual's demonstrated need to view, add, or delete data. Access controls should include the use of individual user identifications (IDs) and passwords to allow for attributing user activities to the responsible user. Additionally, the risk of inappropriate or unnecessary access privileges can be reduced through the employment of such controls as ensuring users participate in information security awareness training, documenting authorizations for system access, periodically reviewing the appropriateness of access privileges, and promptly removing the access privileges of former employees.</p> <p>Systems Modification Controls: Establishing controls over the modification of application software programs helps to ensure that only authorized programs and authorized modifications are implemented. Only after the modification has been completed, has received both system testing and user acceptance testing, and has been approved by internal IT project management or the contractor and the user, should it be moved into production.</p>
<b>Condition</b>	<p>FDCA procedures required subgrantees to use GAS to electronically transmit Requests for Reimbursement (RFR). LIHEAP program staff print the RFRs, and circulate them manually to obtain the required program and fiscal management approvals. FDCA staff also used GAS to account for and support LIHEAP subgrantee expenditures entered into the State's accounting system (FLAIR) and to demonstrate compliance with earmarking requirements. During the 2008-09 fiscal year, \$49,721,644 was processed through GAS for payment to 46 subgrantees.</p> <p>As similarly noted in the prior audit, we noted the following:</p> <ul style="list-style-type: none"> <li>➤ Written policies and procedures for the systems development and modification process, assigning and removing user IDs, and monitoring access privileges to the GAS application had not been developed. However, in May 2009, new user groups with designated access privileges were implemented and information security awareness training began to be provided.</li> <li>➤ Additional aspects of FDCA security controls in the area of user access needed improvement. Specific details of the issues are not disclosed in this report to avoid the possibility of compromising FDCA security. Appropriate</li> </ul>

FDCA personnel have been notified of the issues.

- Prior to May 2009, changes to GAS programming code were both performed and implemented by the same contractor and were not subject to user testing prior to being placed in production. FDCA staff indicated that a beta testing system was subsequently developed in May 2009 but had not been fully implemented as of June 30, 2009.

<b>Cause</b>	FDCA staff had not completed the implementation of system control improvements as of June 30, 2009.
<b>Effect</b>	Absent appropriate security and systems development and modification controls, the integrity of the data contained within GAS is subject to increased risk of compromise.
<b>Recommendation</b>	We again recommend FDCA implement and document appropriate system security, development, and modification controls and procedures to ensure that access to the system is properly reviewed, approved, and monitored. Additionally, we recommend that, upon full implementation, FDCA monitor the beta testing system to ensure that changes to GAS are appropriately approved, documented, and tested prior to being placed in operation.
<b>State Agency Response and Corrective Action Plan</b>	The LIHEAP program concurs with this finding. The LIHEAP was cited in the prior year audit FA 08-046 for the same finding; however, all items listed in the conditions above are completed with the exception of the beta testing system, which is in process at this time.
<b>Estimated Corrective Action Date</b>	September 30, 2010
<b>Agency Contact and Telephone Number</b>	Paula Lemmo, Community Program Manager (850) 922-1844

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 08-047</b>
<b>CFDA Number</b>	93.568
<b>Program Title</b>	<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>
<b>Compliance Requirement</b>	Period of Availability of Federal Funds, Reporting
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	07B1FLLIEA 2007
<b>Finding Type</b>	Noncompliance and Significant Deficiency – Period of Availability of Federal Funds Significant Deficiency – Reporting Questioned Costs – \$1,679,589.48
<b>Finding</b>	FDCA's procedures for calculating the grant amount to be carried over were ineffective to ensure that the carryover was within the limit established by Federal regulations. Consequently, FDCA carried over funds totaling \$1,679,589.48 in excess of the ten percent limitation.
<b>Criteria</b>	42 USC 8626 <i>Payments to States, fiscal year requirements respecting availability, etc.</i> ; 45 CFR 96 Subpart H <i>Low-Income Home Energy Assistance</i> ; 45 CFR 96.80/96.81 <i>Scope and Carryover and Reallotment, and Subpart B – General Procedures</i> ; Section 2607(b) of the Low-Income Home Energy Assistance Act, Title XXVI of Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981, as amended; Simplified Instructions for Timely Obligation of LIHEAP Funds and Reporting Funds for Carryover and Reallotment
<b>Condition</b>	Pursuant to Federal regulations, FDCA could have held available ten percent of the 2007 LIHEAP grant award, for obligation in the second Federal fiscal year of the grant (October 1, 2007, through September 30, 2008). Funds in excess of the ten-percent computation were to be made available to USDHHS for reallotment. FDCA's 2007 grant award totaled \$27,969,958, exclusive of leveraging funds which are not subject to the carryover limitation. Consequently, ten percent of the 2007 grant award totaled \$2,796,995.80. FDCA records indicated that funds totaling \$4,476,585.28 were carried over, or \$1,679,589.48 more than the ten-percent limitation.
<b>Cause</b>	Our review of FDCA's carryover calculations identified several errors, which included but were not limited to, the exclusion of funds available under a contingency award totaling \$1,442,486 and administrative costs totaling \$524,836, which were not obligated at September 30, 2007. FDCA excluded the \$1,442,486 on the basis of the award's issuance three business days prior to the end of the grant's first Federal fiscal year. Additionally, FDCA based its computation, in part, on the September 30, 2007, Financial Status Report. Consequently, deficiencies in reporting procedures, as described in finding No. FA 08-067 would affect decisions made based on reported amounts.
<b>Effect</b>	FDCA inaccurately reported the financial status of grant funds on its September 30, 2007, Financial Status Report, submitted on October 15, 2007, and did not make \$1,679,589.48 available to USDHHS for reallotment as required.
<b>Recommendation</b>	We recommend that FDCA management review its procedures and revise them as necessary to ensure that excess funds are made available to the USDHHS for reallotment as required.

<b>State Agency Response and Corrective Action Plan</b>	The Department has revised its procedures to report only documented obligations on the SF-269 report. This change in reporting procedures will ensure that the Department will adhere to the ten percent carry over limitation of the grant award. Any amount in excess of the ten percent limitation will be made available to USDHHS for reallocation as required.
<b>Estimated Corrective Action Date</b>	The current SF-269 report has been completed correctly and submitted. However, the first opportunity to submit a correct report was September 30, 2008, which fell outside the timeline for this review.
<b>Agency Contact and Telephone Number</b>	September 30, 2008  Paula Lemmo (850) 922-1844

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 08-048</b>
<b>CFDA Number</b>	93.568
<b>Program Title</b>	<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>
<b>Compliance Requirement</b>	Period of Availability of Federal Funds, Reporting
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	06B1FLLIEA 2006
<b>Finding Type</b>	Significant Deficiency Questioned Costs – \$71,472.63
<b>Prior Year Finding</b>	Report No. 2008-141, Finding No. FA 07-052
<b>Finding</b>	FDCA reported obligations totaling \$71,472.63 for the 2006 grant award that were not documented as obligations occurring during the period of availability.
<b>Criteria</b>	45 CFR 96.14, <i>Time period for obligation and expenditure of grant funds</i> ; Federal Financial Status Report (SF-269) instructions  45 CFR 74.2, (HHS Common Rule) defines obligations as the amounts of orders placed, contracts and grants awarded, services received, and similar transactions during a given period that require payment by the recipient during the same or a future period. While the Common Rule is not applicable to LIHEAP, the term obligations is not further defined within the Program-specific regulations. Absent an alternative definition, it is reasonable to apply the Common Rule definition of obligations to LIHEAP.
<b>Condition</b>	Pursuant to Federal regulations, FDCA was required to obligate funds for the 2006 grant award by September 30, 2007, the end of the second year of the award period. The 2006 grant award totaled \$49,790,178. FDCA reported on its Federal Financial Status Report (SF 269) dated October 15, 2007, for the period ended September 30, 2007, that the full amount of the grant award had been expended or was obligated, except for \$5,280. This amount pertained to a reallocation of 2006 LIHEAP funds that USDHHS indicated was not required to be obligated until September 30, 2008. Our review of documentation supporting the \$122,847.30 reported as the Federal share of unliquidated obligations indicated that \$71,472.63 was not supported by documents evidencing that the moneys had been obligated.
<b>Cause</b>	FDCA staff indicated that the remaining unobligated grant balance of \$71,472.63 was reported as obligated as was FDCA practice. According to the Summary Schedule of Prior Audit Findings, corrective action in response to a similar prior audit finding would not have been taken until July 1, 2008, subsequent to the preparation of the SF 269 for the period ended September 30, 2007.
<b>Effect</b>	FDCA inaccurately reported the financial status of grant funds and improperly retained the opportunity to expend grant funds that were not documented as obligations incurred during the period of availability.
<b>Recommendation</b>	We recommend that FDCA identify obligations occurring during the period of availability and report as such on the Financial Status Report.
<b>State Agency Response and Corrective Action Plan</b>	Beginning with the September 30, 2008 reporting period, the financial status reports submitted for this program only reflected obligations that were identified in the state accounting system. We will continue this process for all future reports. Written procedures will be developed and training will be provided to staff for this process.
<b>Estimated Corrective Action Date</b>	September 30, 2008 with written procedures and formal training by April 1, 2009

**Agency Contact and  
Telephone Number**

Karen Peyton  
(850) 922-1646

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

<b>Finding Number</b>	<b>FA 08-046</b>
<b>CFDA Number</b>	93.568
<b>Program Title</b>	<b>Low-Income Home Energy Assistance Program (LIHEAP)</b>
<b>Compliance Requirement</b>	Allowable Costs/Cost Principles, Matching, Level of Effort, and Earmarking, Reporting
<b>State Agency</b>	<b>Florida Department of Community Affairs (FDCA)</b>
<b>Federal Grant/Contract Number and Grant Year</b>	Various
<b>Finding Type</b>	Material Weakness and Significant Deficiency
<b>Finding</b>	FDCA management had not established appropriate internal controls regarding user access and systems development and management for the Grants Administration System (GAS).
<b>Criteria</b>	<p>45 CFR 96.30(a), <i>Fiscal control and accounting procedures</i></p> <p>Florida Department of Management Services Rule 60DD-2.004 <i>Logical and Data Access Controls</i>, Florida Administrative Code, stipulates each user of a multiple-user information resource shall be assigned a unique personal identifier that shall be authenticated before access is granted. Additionally, user's access authorization shall be removed when the user's employment is terminated or where access to the information resource is no longer required.</p> <p>Florida Department of Management Services Rule 60DD-2.005 <i>Data and System Integrity</i>, Florida Administrative Code, stipulates that test functions shall be separate from production functions and that all program changes shall be approved before implementation to determine whether they have been authorized, tested, and documented.</p> <p>Florida Department of Management Services Rule 60DD-2.008 <i>Personnel Security and Security Awareness</i>, Florida Administrative Code, stipulates that agencies shall provide an ongoing awareness and training program in information security.</p> <p>Information Technology (IT) Industry Standards:  IT Governance Institute <i>Control Objectives for Information Technology (COBIT 4.1)</i>:  DS5.3 Identity Management - User access rights to systems and data should be in line with defined and documented business needs and job requirements.  A17.6 Testing of Changes – Changes should be tested independently prior to migration to the operational environment.  PO8.2 IT Standards and Quality Practices – Standards, procedures and practices for key IT processes should be identified and maintained.</p> <p>National Institute of Standards and Technology <i>Building an Information Security Technology Awareness and Training Program</i>, Special Publication 800-50.</p>
<b>Condition</b>	<p>FDCA procedures required subgrantees to use GAS to electronically transmit Requests for Reimbursement for review and approval by the LIHEAP Contract Manager prior to the Requests being sent to Finance and Accounting for payment. FDCA staff also used GAS to account for and support LIHEAP subgrantee expenditures entered into the State's accounting system (FLAIR) and to demonstrate compliance with earmarking requirements. During the 2007-08 fiscal year, \$31,808,689 was processed through GAS for payment to 43 subgrantees.</p> <p>FDCA procedures for granting access to GAS were not adequate to ensure that access was properly approved, monitored for appropriateness given the employee's job duties, and timely removed when no longer necessary. We also noted that there were no written policies and procedures for the systems</p>

development and maintenance process, assigning and removing user IDs, or monitoring access privileges to the GAS application. Specifically, we noted the following:

- Access to GAS was not timely removed for two employees of the contractor that maintained GAS. Subsequent to our audit inquiry, FDCA personnel terminated access for these two employees who no longer worked with GAS.
- We noted one employee granted GAS access who did not require access to GAS to perform her job duties. Subsequent to our inquiry, FDCA personnel terminated the employee's access.
- Changes to GAS programming code were made directly into the production environment by a contractor and thus were not subject to user testing prior to being placed in production.
- Additional aspects of FDCA security controls in the area of user access needed improvement. Specific details of the issues are not disclosed in this report to avoid the possibility of compromising FDCA security. Appropriate FDCA personnel have been notified of the issues.

<b>Cause</b>	FDCA staff indicated that FDCA management determined that security access levels initially established within GAS caused inefficiency in the approval process and were ultimately removed.
<b>Effect</b>	Absent appropriate security and change management procedures, the integrity of the data contained within GAS is subject to increased risk of compromise.
<b>Recommendation</b>	We recommend FDCA implement appropriate system security controls and procedures to ensure that access to the system is properly reviewed, approved, and monitored. Additionally, we recommend that FDCA implement change management procedures to ensure that changes to GAS are appropriately approved, documented, and tested prior to being placed in operation.
<b>State Agency Response and Corrective Action Plan</b>	<p>Written procedures will be developed to ensure that the Department's GAS administrator will be responsible for periodically maintaining security and access control. The User/Security screen is only accessible for editing by management and only necessary Community Assistance Section staff will have access to the GAS. Implementation of user access "passwords" will be considered to provide additional security. Also, the contractor performing maintenance and changes will be provided access only when required to perform installations.</p> <p>Although there has been a change management process followed since the inception of the GAS, written procedures have not been formalized. These procedures will be developed. The contractor has a functional beta system environment which is utilized to create changes and test compatibility. The change is then presented to management in the beta environment for review and approval. Upon approval, the contractor is granted access to the GAS and performs the upload. Department staff then process transactions in the production system environment to ensure that it is functioning properly and no errors are occurring in relation to the change.</p>
<b>Estimated Corrective Action Date</b>	March 1, 2009
<b>Agency Contact and Telephone Number</b>	Paula Lemmo (850) 922-1844