



Performance Audit:

Crisis Intervention Program (CIP) and Low-Income Energy Assistance Program (LIEP)

Durham County Internal Audit Department

November 19, 2021



Darlana M. Moore
Internal Audit Director
damoore@dconc.gov

Internal Audit Department
200 E. Main Street, Ground
Floor Durham, NC 27701
(919) 560-0042
FAX: (919)560-0057

Audit Committee:
Nicole McCoy, PhD, CPA
Arnold Gordon
Brenda Howerton
Wendy Jacobs
Nimasheena Burns

November 19, 2021

Ms. Claudia Hager,
Interim County Manager

Dear Ms. Claudia Hager:

Internal Audit completed its audit of the Crisis Intervention Program (CIP) & Low-Income Energy Assistance Program (LIEAP) in the Department of Social Services. The audit objectives focused on determining whether:

- 1) the adequacy of internal control in providing reasonable assurance that the eligibility process is managed in compliance with Federal and State statutes and regulations, and internal guidelines,
- 2) the determination of eligible individuals to participate in receiving benefits, and
- 3) proper calculation of amounts provided to or on behalf of eligible participants in accordance with program requirements,
- 4) financial transactions are properly posted and reported,
- 5) "Managing for Results" are properly posted and reported.

Overall, improvements are needed requiring management's attention in these areas:

- document retention,
- quality assurance reviews,
- supervisory review, and
- formal policies and procedures reviewed by management.

This report describes specific findings related to the audited areas. **Please note that none of the findings in the report are material.** The audit team appreciates the department director and his team's cooperation and assistance during this audit engagement.

Sincerely,

Darlana M. Moore

Darlana M. Moore,
Internal Audit Director

INTRODUCTION

The Audit Oversight Committee approved this audit in the fiscal year 2022 Annual Audit Plan. This audit was conducted to identify and examine the operational process for the Crisis Intervention Program (CIP) and the Low-Income Energy Assistance Program (LIEAP) through the Division of Social Services.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Performance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.¹

BACKGROUND

Durham County Department of Social Services offers eligible citizens assistance with heating and cooling related crises and payment of energy bills through the Crisis Intervention Program (CIP) and Low-Income Energy Assistance Program (LIEAP). Total applications processed for CIP and LIEAP were as follows:²

	CIP	LIEAP
Approved Applications	2,074	2,600
Denied Applications	383	1,315
Withdrawn Applications	30	74
Total Applications	2,487	3,989

The CIP assists individuals and families who are experiencing a heating or cooling related crisis. A household is in a crisis if it is currently experiencing or is in danger of experiencing a life-threatening or health-related emergency and sufficient, timely, and appropriate assistance is not available from any other source. Life-threatening is defined as a household which has no heating or cooling source or has a disconnect, final or past due notice for their primary heating or cooling service, and the health or well-being of a household member would be in danger if the heating or cooling crisis was not alleviated. Each household is evaluated on a case-by-case basis to determine if there is a heating or cooling crisis. This program is funded on a July 1 – June 30 fiscal year, has limited funding, and uses NC FAST to track funding to ensure that funds are not overspent.³

The LIEAP provides a one-time annual energy provider payment to help eligible families pay their heating expense. Priority groups can apply in the month of December, and all other applications are

¹ Comptroller General of the United States, *Government Auditing Standards*, Washington D.C.: U.S. Governmental Accountability Office, 2011, p.17.

² Obtained from "Energy Processed Apps by Worker Detail" spreadsheet for 7/1/20-6/30/21 provided by John Kenion

³ Energy Programs Manual, Oct 2020, Section 400

accepted between Jan 1st and March 31st, or until funds are depleted.⁴

Applications are required to be submitted by households to the county to determine eligibility for each program. Information submitted is verified where necessary to ensure accuracy. Durham county has a Policies Manual for each program to guide employees through the proper steps of all processes. Due to the nature of the urgency of need for funds, there are deadlines in place for application processing time to get funding in the hands of eligible recipients as soon as possible to alleviate the heating and cooling crises, while maintaining that funding is being appropriately allocated.

AUDIT OBJECTIVE

The audit objectives were to determine whether (1) the eligibility process is managed in compliance with Federal and State statutes, regulations, and internal guidelines; (2) the individuals receiving benefits are eligible; (3) the amounts provided to participants are properly calculated in accordance with program requirements; and (4) the related data for Managing for Results is accurate and complete.

AUDIT SCOPE AND METHODOLOGY

The audit scope included activities that were completed during the fiscal year 2021 (July 1, 2020 - June 30, 2021). To conduct our audit, we:

1. reviewed departmental narrative controls, organizational chart, reports, forms, and State policies and procedures,
2. researched and reviewed laws related to energy assistance,
3. inquired management of any investigations or legal proceeding of potential fraud or exposure concerning the eligibility process,
4. inquired of program managers concerning CIP & LIEAP processes, and
5. assessed data and reports for Managing for Results,

We established testing criteria by using the Energy Programs Manual. To determine the sample size for applications, QAT reviews, and bank reconciliations, we used the EZ-Quant 2.0 Statistical Sampling application. We then selected our sample randomly (application sample) and judgmentally (QAT review and bank reconciliation). Using EZ-Quant, we established sample size of 45 (application sample), four (bank reconciliations), and 16 (QAT review). Of our initial sample of 45 for applications, we determined three of these applicants were not Durham County applicants (appropriately not processed by Durham county). These three applications were replaced in the sample with three new selections.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Overall, Internal Audit found DSS controls effective for determining eligibility for CIP & LIEAP assistance benefits and adoption assistance. We noted no findings related to Managing for Results and find this process to be effective for reporting the energy programs information. However, we found some areas in which DSS can improve to enhance its overall internal control system and operational processes. Internal Audit identified findings and discussed conclusions and recommendations below.

⁴ Energy Programs Manual, Oct 2020, Section 300

Vault Room Safe

The DSS Business Office safe located in the vault room remains open throughout the business day. Management does not require that the safe be closed after each use. The access list for the vault room is longer than the access list for the safe. For the safe and sensitive items inside to remain safeguarded and only accessible to those who have the code to the safe, it must be closed and locked after each use. An unlocked safe could lead to theft or misplaced items.

Recommendations: The safe should be closed and locked after each access throughout the day to ensure proper security and limited access. In addition, management should create policies and procedures regarding the periodic review of the access list to both the vault room and the safe inside.

Management's Response: Management agrees with this finding. As we recognize best practice, to close and open the safe door after each use would create wear and tear on the safe possibly leading to replacement of the door. To provide the most efficient service to our customers, we will only allow access to the vault room to those that need safe access as well. It is important to note that gift cards are securely locked in a safe within the larger safe.

Locked Drawers

While performing our audit walkthrough in the DSS office building, we noted upon arrival to the Accounting Tech II's desk that the desk drawers containing check stock, signature stamp, and files containing personal identifiable information (PII) were unlocked after we were previously in a different room with the Accounting Tech II. This indicates that the drawers were not locked when the Accounting Tech II was away from the desk. Because the drawers were not locked while the desk was unattended, there is increased exposure to disclosure of PII and fraud through unauthorized use of checks and signature stamp.

Recommendation: Desk drawers containing sensitive information should be locked every time they are left unattended, even for short periods of time.

Management's Response: Management disagrees with this finding. The Accounting Tech II attended a brief meeting in the conference room with Internal Audit and other Business Office staff. Prior to the meeting she locked her drawers and took her keys into the meeting. At exit of the meeting the Accounting Tech II was ahead of the others providing her ample time to unlock the drawers and continue to work on processing check requests that she was working on prior to the meeting. Internal Audit staff assumed that the drawers were unlocked while she was in the meeting. This was mentioned to Internal Audit during the exit conference for consideration to be removed.

Auditor's Comment: The Internal Audit team and DSS staff were together the entire visit. At no time was DSS staff separated from the audit team. DSS management was informed of this during the exit conference. The finding remains.

Written Procedures

There are no formal and/or authorized written procedures for bank reconciliations, check processing, or QAT processes. Durham County management is required to have formally written policies and procedures that are periodically reviewed by management. Policies and procedures are not formally written and authorized by management. Without these formal documents, unauthorized practices could become policy.

Recommendation: DSS management should place policies and procedures on official letterhead, as well as review, sign, and date the documents annually.

Management's Response: Management agrees with this finding. DSS follows Durham County financial policies and DSS has written internal procedures related to this finding. DSS recognizes the need to formalize these policies by adding signatures and dates to policies. Moving forward we will ensure that these policies are signed, dated and revisions will be made upon any changes to State and/or County policies/procedures.

Inadequate Segregation of Duties

Back-up bank reconciliation personnel are also authorized check signers. Proper segregation of duties requires the person that performs the bank reconciliation be separate from the person authorizing payments.⁵ Management did not consider proper segregation of duties. Proper segregation limits the risk of fraud or human error.

Recommendation: DSS management should properly segregate these duties among department staff.

Management's Response: Management agrees with this finding. DSS is in the process of changing signature authority for checks to ensure segregation of duties. The exception was caused by the designated back up to completing the bank reconciliations also having signature authority; in the period under review the backup did not perform any bank reconciliations.

Voided Checks

Voided checks are retained with the bank account number and routing number still intact. Existing policy does not address removal of this information. Durham County management is responsible for safeguarding check information by ensuring voided checks have the bank account and routing numbers physically removed or redacted from the face of the check. Existing policies and procedures do not address removal of account numbers or routing numbers from voided checks. Without removing this information, the risk of account information being used for fraudulent purposes is increased.

Recommendation: DSS management should design and implement policies to require the account number and routing number to be removed or redacted from voided checks.

Management's Response: Management disagrees with this finding. There is no existing County policy regarding redacting routing numbers and bank account information. Management however moving forward will take the auditors recommendation to implement a process to redact all account numbers and routing numbers from checks. We realize this is a best practice to prevent fraud by removing the client/vendor account numbers from being viewed by anyone with Accounting file access.

Missing CIP Documentation in Laserfiche

Sixteen out of 16 (100%) CIP applications sampled were missing at least one important piece of supporting documentation. The most common missing items include proof of social security number

⁵ <https://www.gao.gov/assets/gao-14-704g.pdf>

for each household member, proof of income, signature of applicant (or documentation of acceptance of telephonic signature), and NC FAST case notes. Case workers are required to maintain the signature page, documentation of telephonic signature, a copy of the approval/denial notice, income verification, and any other documents used to determine eligibility.⁶ In addition, per management, all documents in NC FAST should also be maintained in Laserfiche. Management does not have documented policies and procedures in place detailing the need for document retention within Laserfiche, and communication from the top down does not convey the necessity for proper document retention across systems. Inconsistency in storage location of these documents causes lack of an audit trail and decreases efficiency in the quality assurance review process.

Recommendation: Management should ensure all supporting documentation related to an application is scanned into Laserfiche in a timely manner.

Management's Response: Management agrees with this finding. As we recognize best practice, that a case record must contain the signature page, a copy of the DSS 8107 Approval/Denial Notice and other documents used to determine eligibility. Social worker will document if they used and viewed any documents in the NC FAST or DSS internal data software to determine eligibility. Will update internal policies and procedure detailing how social workers will document any used and viewed documents across different systems.

CIP Application Processing Timeframe

One of 16 (6%) applications were approved after the verification and processing timeframes had passed. The Energy Programs Manual allows for two business days for applicants to return verification information and two business days for the case worker to process the application, for a maximum of four days to approve or deny.⁷ This application was approved after the processing period passed, and therefore funds were dispersed for an application that should have been denied.

Recommendation: Management should design and implement controls to ensure adherence to application timeframes.

Management's Response: Management agrees with this finding. Management will keep a spreadsheet to track when cases are close to the 24-hour deadline of approval or denial of an application.

CIP Annual Limit Exceeded

One of 16 (6%) CIP applications were approved for two separate payments, which combined total \$972.54. The maximum benefit amount allowed per fiscal year is \$600.⁸ The case worker did not properly review for previous CIP payments before approving the second payment. Without capping applicants at \$600, program funds are being improperly spent and applicants are receiving more assistance than they are entitled to.

Recommendation: Management should design and implement controls to ensure applicants do not exceed the annual maximum benefit amount.

Management's Response: Management agrees with this finding. Management will conduct a

⁶ Energy Programs Manual, Oct 2020, 400.05.A, Records and Reports – Case Records, Page 12

⁷ Energy Programs Manual, Oct 2020, 400.03.I, Pages 9-10

⁸ Energy Programs Manual, Oct 2020, 400.04.A.2, Page 10

CIP/LIEAP refresher training for social workers.

CIP Application Income

In two of 16 (13%) CIP applications tested, the income used to determine eligibility was incorrect. In the first instance, net income was used rather than gross income. In the second instance, the income used on the application does not agree with supporting documentation. The Energy Manual requires that gross income should be used for this calculation⁹, and requires income verification to be documented in NC FAST¹⁰. Management requires all NC FAST documents to be maintained in Laserfiche as well. Caseworker error regarding applicant income caused applications to not meet CIP income guidelines. When income is not correctly calculated and appropriately verified/documented, the risk of an applicant being improperly approved or denied increases.

Recommendation: Management should design and implement controls to ensure applicant income is properly calculated and documented.

Management's Response: Management agrees with this finding. Management will conduct a CIP/LIEAP refresher training for social workers.

CIP Applications Not Signed by Applicant

Three of 16 (19%) CIP applications sampled either did not contain the signature page or the application was not signed. The Energy Programs Manual requires that applications must include the applicant's signature and date.¹¹ The case worker did not properly document applicant signature. Unsigned applications are incomplete, and approval of an incomplete application is an improper disbursement of funds.

Recommendation: Management should ensure that every application in Laserfiche includes a signed signature page.

Management's Response: Management agrees with this finding. As we recognize best practice, social worker should ensure that every application in Laserfiche includes a signed signature page. If social worker conducts a phone interview it needs to be documented on application signature. Management will conduct a CIP/LIEAP refresher training for social workers.

CIP Acceptance of Telephonic Signature Not Present

Seven of 16 (44%) CIP applications tested lacked case notes verifying client acceptance of telephonic signature. The Energy Programs Manual requires that documentation in NC FAST include the client's name, date, time of telephone interview, and the client's response indicating agreement to this verbal attestation of signature over the phone.¹² Per management, all documents in NC FAST should also be maintained in Laserfiche. Caseworker case notes did not properly document telephonic signature in Laserfiche. Telephonic signature is not valid without documentation of client acceptance, therefore making the application incomplete.

Recommendation: Management should ensure that all applications taken over the telephone

⁹ Energy Programs Manual, Oct 2020, 400.03.F.2, Page 7; Integrated Eligibility Manual Section 4010

¹⁰ Energy Programs Manual, Oct 2020, 400.03.F.1, Page 7

¹¹ Energy Programs Manual, Oct 2020, 400.03.A.5

¹² Energy Programs Manual, Oct 2020, 400.03.A.2.b, Page 3

include documentation of client acceptance of telephonic signature, both in NC FAST and in Laserfiche.

Management's Response: Management agrees with this finding. As we recognize best practice, social worker should ensure that every application in Laserfiche includes a signed signature page. If social worker conducts a phone interview it needs to be documented on application signature. Management will conduct a CIP/LIEAP refresher training for social workers.

LIEAP Application Processing Timeframe

Eight of 20 (40%) LIEAP applications sampled were approved or denied after the required timeframe. The Energy Program Manual requires that applications be processed within 10 business days from the application date, and applicants have 10 days to return verifications, for a maximum of 20 days from date of application.¹³ Management does not have in place effective controls to ensure that all applications are processed in a timely manner. Without adhering to these deadlines, clients do not receive a timely approval or denial notice, which can delay receipt of assistance for eligible applicants.

Recommendation: Management should ensure all LIEAP applications are processed in the timeframe required by the Energy Programs Manual.

Management's Response: Management agrees with this finding. Management will ensure that cases are track and social worker is notified of pending cases on the 9th day.

Missing LIEAP Documentation in Laserfiche

Ten of 20 (50%) LIEAP applications sampled were missing at least one important piece of supporting documentation. These missing items include proof of social security number for each household member, proof of income, and NC FAST case notes. The Energy Program Manual requires documentation for these items¹⁴, and management requires that Laserfiche contain all documents kept in NC FAST. Management does not have documented policies and procedures in place detailing the need for document retention within Laserfiche, and communication from the top down does not convey the necessity for proper document retention across systems. These items missing from Laserfiche result in a lack of an audit trail to support an approval or denial of the application.

Recommendation: Management should ensure all supporting documentation related to an application is scanned into Laserfiche in a timely manner.

Management's Response: Management agrees with this finding. Social worker will document if they used and viewed any documents in the NC FAST or DSS internal data software to determine eligibility. Will update internal policies and procedure detailing how social workers will document any used and viewed documents across different systems.

Failure to Obtain Applicant Signature for LIEAP Applications

Three of 20 (15%) LIEAP applications tested did not contain evidence of applicant signature (i.e., physical, or telephonic). The Energy Program Manual requires that applications include a signature, and that acceptance of telephonic signature is documented.¹⁵ Per management, all files in NC FAST

¹³ Energy Programs Manual, May 2021, 300.06.B.2.b, Page 8

¹⁴ Energy Programs Manual, May 2021, 300.04.D.2, Page 4; Integrated Eligibility Manual Section 4060; Energy Programs Manual, May 2021, 300.02.B, Page 2

¹⁵ Energy Programs Manual, May 2021, 300.02.B, Page 2; Energy Programs Manual, May 2021, 300.05.B.1, Page 6

should also be maintained in Laserfiche. The caseworker did not properly document applicant signature. Telephonic signature is not valid without documented client acceptance, and unsigned applications are incomplete.

Recommendation: Management should ensure all LIEAP application files are complete with an applicant signature before processing and that LIEAP application files include the applicant's signature when they are scanned into Laserfiche.

Management's Response: Management agrees with this finding. Management will conduct a CIP/LIEAP refresher training for social workers.

Quality Assurance and Training (QAT) Review of CIP Applications

QAT did not accurately test all criteria in the CIP individual review tool. Discrepancies found are noted below:

- One of eight applications (13%) the reviewer incorrectly assessed whether the case worker verified and documented household income.
- One of four applications (25%) the reviewer incorrectly assessed whether income was calculated correctly.
- One of eight applications (13%) the reviewer incorrectly assessed whether the household met the federal poverty level.
- One of eight applications (13%) the reviewer incorrectly assessed whether the documentation reflects that a heating or cooling crisis exists.
- One of four applications (25%) the reviewer incorrectly assessed whether verifications provided by the client were date stamped.
- Two of eight applications (25%) the reviewer incorrectly assessed whether the signature page was signed by the client.
- One of eight applications (13%) the reviewer incorrectly assessed whether if denied, was the reason for denial clearly documented.
- One of eight applications (13%) the reviewer incorrectly assessed whether if denied, was the reason for denial clearly articulated in the denial notice.
- Three of eight applications (38%) the reviewer incorrectly assessed whether rights and responsibilities were explained to the client.

The QAT team is responsible for ensuring compliance with all aspects of the CIP Individual Review Tool. The lack of management oversight, limited training, and changes in the tool caused these errors to occur and go undetected. Inadequate quality control review cannot determine adherence to policies and procedures.

Recommendation: The QAT supervisor should ensure staff are properly trained and CIP review tool questions are sufficiently descriptive. Policies and procedures should be updated to reflect all systems used during the QAT process.

Management's Response: Management agrees with finding.

QAT Services Supervisor will provide training to QAT Social Workers assigned to review CIP reviews upon hire and ongoing. Frequency will be determined by the needs of the program and staffing resources. A log of training will be documented in the QAT Social Worker's monthly staffing notes. QAT Services Supervisor and Services Program Manager will partner with Durham County's Internal auditing team and CIP programs experts from the state to create a more descriptive tool for CIP reviews.

QAT Services Supervisor and Services Program Manager will update the policies and procedures for conducting CIP reviews on a yearly basis. Increased frequency will depend on the needs of the program and any upcoming CIP policy changes.

Quality Assurance and Training (QAT) Review of LIEAP Applications

QAT did not accurately test all criteria in the CIP individual review tool. Discrepancies found are noted below:

- One of eight applications (13%) the reviewer incorrectly assessed whether the case worker verified and documented household income.
- One of eight applications (13%) reviewer incorrectly assessed whether the household meets the federal poverty level.
- One of 8 applications (13%) reviewer incorrectly assessed whether the application was disposed of on the 11th day if requested information on the 8185 is not received.
- Six of eight applications (75%) reviewer incorrectly assessed whether, if denied, was the reason for denial clearly documented.

The QAT team is responsible for ensuring compliance with all aspects of the LIEAP Individual Review Tool. The lack of management oversight, limited training, and changes in the tool caused these errors to occur and go undetected. Inadequate quality control review cannot determine adherence to policies and procedures.

Recommendation: The QAT supervisor should ensure staff are properly trained and LIEAP review tool questions are sufficiently descriptive.

Management's Response: Management agrees with finding.

QAT Services Supervisor will provide training to QAT Social Workers assigned to review LIEAP reviews upon hire and ongoing. Frequency will be determined by the needs of the program and staffing resources. A log of training will be documented in the QAT Social Worker's monthly staffing notes. QAT Services Supervisor and Services Program Manager will partner with Durham County's Internal auditing team and LIEAP programs experts from the state to create a more descriptive tool for LIEAP reviews.

Timeliness of Laserfiche Documentation

Three of 16 (19%) QAT-reviewed applications were scanned into Laserfiche after the QAT review date. There is no written policy to address timely scanning of documentation into Laserfiche. Per DSS management, caseworkers are to scan the application and application verifications into Laserfiche as the last step in the application process. DSS management has not developed procedures to ensure documents are scanned into Laserfiche in a timely manner. Untimely scanning of documentation into Laserfiche inhibits the availability of information.

Recommendation: Management should develop procedures for scanning Energy Program application files into Laserfiche in a timely manner. These procedures should be in writing and approved by management.

Management's Response: Management agrees with this finding. Management will conduct a CIP/LIEAP refresher training as well as develop a process to ensure documentation for CIP/LIEAP applications are scanned timely into Laserfiche.

QAT Review of CIP and LIEAP Case Worker Day Sheets

The QAT team did not verify the day sheet service codes in the CIP and LIEAP individual review tools. In one of eight (25%) CIP QAT reviews, the reviewer incorrectly assessed whether the case worker's day sheet was properly filled out. In four of eight (50%) LIEAP QAT reviews, the reviewer incorrectly assessed whether the case worker's day sheet service codes were accurate. QAT is responsible for evaluating select day sheets to determine if time was correctly entered, including time code accuracy.¹⁶ The lack of management oversight and limited training caused these errors to occur and go undetected. Inadequate quality control review cannot determine adherence to policies and procedures.

Recommendation: QAT management should ensure staff are properly trained in documentation of time using service and program codes on Day Sheets.

Management's Response: Management agrees with finding. QAT Services Supervisor and Program Manager will ensure that QAT Social Workers receive refresher training on Day Sheets and program codes.

Bank Reconciliation Outstanding Checks

Old, uncashed checks are occasionally voided. There are no policies or procedures in place regarding escheatment of these amounts. Companies are required to submit a Holder Report with the Unclaimed Property Division, and to remit the unclaimed property to the North Carolina Department of State Treasurer. Unclaimed Property consists of tangible and intangible property that has been abandoned. Governmental Organizations have a 1-year dormancy period for ALL property types.¹⁷ Rather than following the escheatment process, DSS is voiding vendor checks periodically when they have remained outstanding for an unspecified period of time. These escheatment laws are not being followed and payees are not receiving follow up regarding funds they are entitled to.

Recommendation: Management should design and implement procedures to regularly review outstanding checks and ensure they are escheated rather than voided.

Management's Response: Management disagrees with this finding. CIP and LIEAP payments do not follow the escheatment process. Below is the policy from the manual concerning "Credits" for LIEAP. The client never receives the funds directly and if the check is uncashed the agency first must determine if the account is valid and active to re-issue the payment. If not, then the agency would be responsible for contacting the client to determine their current vendor. If the client cannot be reached, the funds are returned and NCFASST has to be updated to show the client did not receive benefits.

There would be no situation in which the client's CIP benefits would not be re-issued to the vendor as the bill would have to be verified when determining the amount of benefits.

LIEAP:

BENEFIT DETERMINATION AND METHOD OF PAYMENT

A. Benefits are based on the household's size and income at the time of application. The income

¹⁶ Day Sheets and Time Reporting Manual; SIS Manual 300.09, Page B-62

¹⁷ <https://www.nccash.com/holder-information-and-reporting>

limit is 130% of the federal poverty level. To determine benefit levels, the income limit is broken down into two categories so that families with the lowest incomes receive the higher benefit. There are three benefit level amounts designated according to household size and income. Households that heat with coal and/or wood will receive a benefit of \$300 regardless of household size; however, the income will still need to be at or below the 130% income limit.

Benefits are paid directly to energy providers who have an approved energy provider agreement on file with the county. Counties may want to establish additional agreements with the energy providers, such as a promise to pay, purchase order, etc. for households whose primary heat source is kerosene, fuel oil and the like. If a county has a LIEAP balance of \$500 or less, approval for an even \$200, \$300, \$400, or \$500 may be given. Partial payments such as an amount of \$70 or \$100 for LIEAP are not allowed.

If a household moves and leaves a credit balance with the energy provider, settlement of the credit is between the household and the energy provider. If the energy provider is aware of the household's new energy provider, the credit balance can be forwarded to the new energy provider. If the energy provider is unable to contact the household to settle a credit balance, **the county is responsible for trying to locate the household. If the county is unable to locate the household, the credit balance should be returned to the local county agency. The local county agency would return the funds to the controller's office via the DSS-1571 and notify DSS automation at 919-527-6270 to credit the county's funds in NC FAST.**

NOTE: Explain to applicant that if the household moves or ends service prior to the energy provider receiving payment and a credit balance is the result, the household should contact the old energy provider with the new energy provider information so payment can be forwarded.

Auditor's comment: Internal Audit accepts the state regulations cited; however, this information was not obtained until after the exit conference. In addition, none of DSS financial personnel was aware of this process. We recommend DSS financial staff is trained concerning this state required regulations. Audit finding remains.