

93.568

LOW-INCOME HOME ENERGY ASSISTANCE

State Project/Program: LOW-INCOME ENERGY ASSISTANCE

U. S. Department of Health and Human Services

Federal Authorization: Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended (Public Law 97-35, as amended), 42 USC 8621-8629. 45 CFR part 96. 45 CFR sections 96.80 through 96.89. 45 CFR part 92.

N. C. Department of Health and Human Services
Division of Social Services

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N. C. DHHS Confirmation Reports:

SFY 2009 audit confirmation reports for payments made to Counties, Area Programs, Boards of Education, Councils of Government, District Health Departments, DCD State Level Contractors and HRSA Bioterrorism Grant Sub recipients will be available by around late August to early September at the following web address: <http://www.dhhs.state.nc.us/control/> At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2008-2009)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2007-2009\)](#)”.

The auditor should **not** consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor **can** consider the Supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

The N. C. Office of State Auditor has identified this program to be audited as a major by certain counties in North Carolina in order to satisfy new federal requirements on testing eligibility. The Local Government Commission has notified the county and their auditor. Please refer to LGC Memo #993, April 23, 2003. In addition to auditing the program as major, the auditor is required to complete a Letter of Representation to the State Auditor of N.C. and a Turnaround Document and submit both to the LGC with the audit package.

I. PROGRAM OBJECTIVES

The Low Income Energy Assistance Program (LIEAP) is one component of the Low Income Home Energy Assistance Program (LIHEAP) block grant program in which states (including territories and Indian tribes) design their own programs within very broad Federal guidelines. The objectives of LIEAP are to help low-income people meet the costs of home energy, defined as heating of residences, and to increase their energy self-sufficiency and reduce their vulnerability resulting from energy needs. The target population is low-income households, especially those with the lowest incomes and the highest home energy costs or needs in relation to income, taking into account family size. Additional targets are low-income households with members who are especially vulnerable, including the elderly, persons with disabilities, and young children.

II. PROGRAM PROCEDURES

The Department of Health and Human Services (HHS), Administration for Children and Families (ACF), Office of Community Services administers the LIHEAP program at the Federal level. Funds are obtained by the State in accordance with a pre-defined formula, upon annual submission of an application to the Secretary of Health and Human Services.

Up to 10 percent of these funds may be used for State and local planning and administration. The current state plan limits administrative funding to 10%. Administrative costs have been clarified as follows: “Any expenditure for governmental functions normally associated with administration of a public assistance program must be included in determining administrative costs subject to the statutory limitation on administrative costs, regardless of whether the expenditure is incurred by the State, a subrecipient, a grantee, or a contractor of the State.” (45 CFR 96.88)

County departments of social services take applications during a specified time frame each year. The State Division of Social Services generally sets this time frame, with some flexibility allowed. See Energy Manual Section 100 for the timetable. The Energy Manual is maintained in each local county department of social services. The Energy Manual is also available via the Internet, entitled “Low Income Energy Assistance Manual”, and can be found at <http://info.dhhs.state.nc.us/olm/manuals/dss/ei-40/man/>. References to “Energy Manual” and Low Income Energy Assistance Manual are synonymous. Once all applications are taken and processed, the State Division of Social Services sets the benefit levels and issues the benefit checks directly to eligible households. Local agencies do not issue the benefits.

Counties do not receive a separate funding authorization for administration of this program, however it is allowable to use Crisis Intervention Program administrative money to help fund the administration of this program.

This program is excluded from coverage under OMB Circular Nos. A-102 and A-110.

III. COMPLIANCE REQUIREMENTS

CROSSCUTTING REQUIREMENTS:

The compliance requirements in the Division of Social Services “Crosscutting Requirements” in Section D (Supplement #DSS-0) are applicable to this grant.

A. ACTIVITIES ALLOWED OR UNALLOWED

Funds may be used to assist eligible households to meet the costs of home energy. (Public Law 97-35, section 2602(a) and Public Law 98-558) (42 U.S.C. 8621)

Funds may not be used for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or facility. (P.L. 97-35 Sec. 2609 and Public Law 98-558) (42 U.S.C. 8628) The Weatherization component of the LIHEAP block grant is the responsibility the Office of Economic Opportunity in the Department of Health and Human Services.

Compliance Requirement

Native Americans in Cumberland, Hoke, Scotland and Robeson counties are served by the Lumbee Tribe of North Carolina and are not eligible for this program.

Audit Objective

Ensure Native Americans in Cumberland, Hoke, Scotland and Robeson counties are not provided benefits through this program and are referred appropriately to the Lumbee Tribe.

Suggested Audit Procedures

Review county applicant screening procedures in these four counties to ensure Native Americans are properly referred to the Lumbee Tribe.

B. ALLOWABLE COSTS/COST PRINCIPLES

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201.

C. CASH MANAGEMENT

Subrecipients receive funding under this program on a reimbursement rather than an advance basis. Therefore, no audit testing is necessary with respect to the federal cash management requirements of Part III of the Circular A-133 Compliance Supplement.

E. ELIGIBILITY

The Energy Manual, published by the Division of Social Services is maintained in each local county department of social services. This manual is also available via the Internet at <http://info.dhhs.state.nc.us/olm/manuals/dss/ei-40/man/>. Detailed information regarding eligibility can be found in this manual. Households who receive food stamp benefits are automatically evaluated for LIEAP benefits. Food Stamp households who are not automatically eligible and other households may apply at the local department of social services during the specified application taking period. In special circumstances applications can be taken by telephone. Section 301, Application Process, provides guidance on when a telephone interview may be conducted.

Households must meet all of the following requirements:

- Countable income must be at or below 110% of the current poverty level. See the Energy Manual Section 410 for definitions of countable and non-countable income and allowable deductions. Each county is required to maintain an Energy Manual.
- The household must be subject to the rising cost of heating and must have a heat source.
- The household's countable resources cannot exceed \$2,200. See Energy Manual Section 420 for further details.
- The household must contain a U.S citizen or an eligible alien. Undocumented aliens are not eligible. See Energy Manual section 320 for more details.

All eligibility requirements must be documented on the LIEAP application, DSS 8114. This application also serves as the data entry document.

Compliance Requirement

The highest level of assistance must be provided in a timely manner to households that have the lowest incomes and highest energy costs. (Public Law 97-35, Section 2605(b)(5); 42 U.S.C. 8624) The Division of Social Services sets the benefit levels; however, to ensure compliance with this requirement, local agencies must accurately record the household's income and energy type.

Audit Objective

Ensure counties accurately record income and energy type information. This enables the State to issue the correct benefits to those households with the lowest incomes and highest fuel costs.

Suggested Audit Procedures

Sample recipient records to determine that income and energy (fuel) type information was gathered. Ensure the income was correctly computed and the correct amounts and fuel type were recorded on the DSS-8114 Low Income Energy Assistance Program Application and keyed into the Energy System.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching - Not applicable

Level of Effort – Not applicable

Earmarking – The 10% cap on administrative funding is tracked and monitored by the State Division of Social Services. This requirement has not been passed to the local county departments of social services; therefore, additional testing is not required.

H. PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Local agencies not subject to Federal requirements and audits; therefore, does not apply.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

The N.C. Department of Health and Human Services (DHHS) and all of its divisions/offices have developed a standard set of rules and regulations that are intended to meet all

requirements in conducting day-to-day purchasing activities. These rules and regulations are set forth in the “DHHS Purchase and Contract Manual, Part I.” Additionally, the following State authorizations apply and are cited by reference in the DHHS Purchase and Contract Manual: (1) N.C. General 143, Article 3 and 3C, (2) the N.C. Administrative Code, Title 1, Chapter 5, and (3) the State Purchasing Manual. Unless an exception is made in the contract or program agreement with DHHS, all governmental subrecipients are required to follow the same guidelines as does DHHS when making procurements for goods and services. All local government subrecipients are required to comply with N.C. General Statute 143, Article 8 with respect to procurement activities.

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform with federal agency codifications of the grants management common rule accessible on the Internet at <http://www.whitehouse.gov/omb/>.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at http://www.doa.state.nc.us/PandC/agpurman.htm#P6_65.

Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

The listing of most debarred and suspended parties can be viewed at the following website: <https://www.epls.gov/>.

L. REPORTING

The State is responsible for all reporting requirements for the LIEAP Program; therefore, there are no reporting requirements for the county departments of social services.

M. SUBRECIPIENT MONITORING

Compliance Requirements

County departments of social services may contract with subrecipients to take and process LIEAP applications. In accordance with Energy Manual Section 910, local agencies are responsible for the following:

- The county director or his designee is responsible for training the contracting agency's staff.
- The county director or his designee is responsible for maintaining fiscal responsibility for the program.
- The county director or his designee is not allowed to disclose information in case records of any WFFA, Food Stamp, MA, Energy, or Service applicant/recipient (a/r) to other agencies.

- The county director or his designee is responsible for verification of income and for review and approval of energy forms.
- The State Office mails all forms, instructions, payment schedules, etc., to county departments. The county director or his designee is responsible for coordinating with the contracting agency.

N. SPECIAL TESTS AND PROVISIONS

1. Compliance Requirement

Outreach must be conducted to ensure that eligible households, particularly those households with young children or other individuals who are elderly or disabled, are aware of the assistance provided in this program. See Energy Manual section 200, Outreach and Application Plan for additional Outreach Plan requirements.

Audit Objective

Ensure that an adequate outreach plan was completed and carried out by the county.

Suggested Audit Procedure

Review the grantee's plan or other procedures for outreach. Each county submits its plan to the Division yearly and must keep a copy on file in their agency.

2. Compliance Requirement

Homeowners and renters must be treated equitably. (Public Law 97-35, Section 2605(b)(8), 42 U.S.C. 8624(b)(8) 1989 Revision)

Audit Objective

Ensure there are no different requirements for homeowners and renters.

Suggested Audit Procedures

Review and evaluate the grantee's plan or other procedures for equitable treatment. Sample recipient household records and determine whether there is adherence to prescribed procedures.

3. Compliance Requirement

Households denied assistance or do not receive reasonably prompt assistance must have an opportunity for a hearing. See Energy Manual Section 700 for additional information and required time frames.

Audit Objective

Ensure hearings are provided in a timely manner.

Suggested Audit Procedures

Review procedures to ensure that hearings are provided within required time frames to households denied or who did not obtain prompt assistance.