

Northern California Indian Development Council, Inc. (NCIDC)
September 1, 2011

1. Recent Audit Findings

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, organizations monitoring assessments, Inspector General reviews, or other Government Agency reviews of LIHEAP agency finances.

The Northern California Indian Development Council, Inc. (NCIDC) has had no audit findings of material weakness or reportable conditions, questioned costs or other findings cited in our audits during the past five years.

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.

Not Applicable

If there is no plan in place, please explain why not.

N/A

2. Compliance Monitoring

Describe the agency's FY2011 strategies that will continue in FY2012 for monitoring compliance with State and Federal LIHEAP policies and procedures by the State and local administering agencies.

The NCIDC has systems in place to monitor the use of program funds and detect and correct problems. This system includes monitoring of programmatic and financial operations, and the establishment of appropriate systems and procedures to prevent, detect and correct waste, fraud and abuse in the LIHEAP program.

Please highlight any strategies for compliance monitoring from your plan, which will be newly implemented as of FY2012.

N/A

If you don't have a firm compliance monitoring system in place for FY12, please describe how the agency is verifying that LIHEAP policy and procedures are being followed.

N/A

3. Fraud Reporting Mechanisms

For FY2011 activities continuing in FY2012, 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.

In many cases, community members or Tribal employees will come forward if they see a situation that is suspect. In addition, Tribal coordinators are trained to watch for fraudulent activity and immediately report to the NCIDC coordinator.

Please highlight any tools or mechanisms from your plan, which will be newly implemented in FY2012, and the timeline for that implementation.

At the beginning of the new fiscal year, along with the usual allocation announcement and the program materials memo, reference to new fraud prevention policies (see attachment 1) will be distributed to all participating Tribes in NCIDC's LIHEAP. Each Tribe that participates in NCIDC's LIHEAP will be provided materials regarding our updated program policies for FY 2012 (see attachment 2) and fraud fliers to post (see attachment 3) that will inform the public of what they can do to report suspected cases of LIHEAP fraud, waste or abuse. The participating Tribes will be required to post the fraud materials at the Tribal office and are encouraged to post at stores, Head Start centers, schools and other public gathering locations. The materials will include various methods of reporting fraud including telephone numbers and access to more information regarding fraud via NCIDC's website (see attachment 4).

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.

N/A

4. Verifying Applicant Identities

Describe all FY2011 agency policies continuing in FY2012 for how identities of applicants and household members are verified.

NCIDC's methods for verifying applicant identities for the LIHEAP program is to require that the person submitting the application provide name, address, phone number, date of birth, gender and a Social Security number (SSN). The LIHEAP program coordinators are intimately familiar with the residents of the reservations, Rancherias or aboriginal territories, in large part, because the majority of the Tribes in the NCIDC's LIHEAP have small populations. Validation of legitimate applicants is dependent on the Tribe's membership records and the Tribal LIHEAP coordinators knowledge of the community. Additional verification is collected in the process of certifying a client for services. For example households in which one or more individuals are receiving assistance under TANF, Supplemental Security income, food stamps or Veterans or Survivor pensions are eligible for LIHEAP services, eligibility documentation for those programs further

verifies the applicant or members of the applicants' household. Alone these documents do not provide adequate identification, however in combination with proof of income, California driver's license or identification card, social security numbers, utility bills or Tribal membership the identity of the applicant is verified.

In addition to all of the above-mentioned methods of proving identity, every client is required to certify, on their application (see attachment 5), "By signing this document I am certifying that all information provided orally and on this application form is true to the best of my knowledge. I further acknowledge that this information is subject to verification and that falsification of such information shall be grounds for my termination from any program in which I am participating and may result in prosecution. I further certify that I am the only person in my household who has applied for these services".

Before approving an application and releasing funds, NCIDC program coordinators are required to check each applicant's name and physical address against NCIDC's data base to be sure that the applicant has not applied for LIHEAP services in that fiscal year and that the address on the application has not been used by another household member to receive LIHEAP services. NCIDC oversees LIHEAP for close to half the Tribes in California and puts each applicant's information in the database. The database is used to detect and prevent fraudulent activity by crosschecking applicant information within a specific Tribe and between Tribes. There have been instances where one household member from one Tribe applies for LIHEAP and another household member from a different Tribe attempts to apply for LIHEAP their Tribe. NCIDC's database detects these kinds of situations and services are disallowed in those cases.

The LIHEAP program staff is vigilant in their efforts to recognize potential fraud or abuse and have taken steps to assure that neither client or vendor have an easy way to defraud the program. The systems in place for authorizing LIHEAP payments are rigorous due to NCIDC's check and balance system. Signatures from clients and unregulated vendors are required for proof of product delivery (i.e. wood) and for larger energy vendors account credit is substantiated through confirmation numbers with follow up from either the client or staff. Further measures are taken to validate vendor authenticity; utilizing the Tribal Coordinators to validate that LIHEAP participant's requests are fulfilled. NCIDC further scrutinizes for final authorization adding strength to our fraud prevention efforts. At each step in the process, if fraud were suspected, staff would re-evaluate to ascertain any abuse or mishandling of LIHEAP funds. NCIDC staff is trained to follow the policies and procedures (see attachment 6) established for this program to assure that suspected fraud is identified. There have been cases where staff has denied services until the case was investigated further because an application was lacking the necessary required elements or fraud was suspected.

Please highlight any policy or strategy from your plan, which will be newly implemented in FY2012.

There are no new policy or strategies for the verification of applicant identities that NCIDC is planning to implement in FY2012.

If you don't have a system in place for verifying applicant's identities, please explain why and how the agency is ensuring that only authentic and eligible applicants are receiving benefits.

N/A

5. Social Security Number Requests

Describe the agency's FY2012 policy in regards to requiring Social Security Numbers from applicants and/or household members applying for LIHEAP benefits.

Since 1999 NCIDC's policy has required a SSN for the individual who applies for LIHEAP assistance for the household. Applicants that refuse to supply a valid SSN cannot receive LIHEAP services. The database, designed by NCIDC, will not allow data input for any applicant without a SSN. The database serves three purposes, the first is that applicants must be registered in NCIDC's database to receive benefits, the second is data management and the third is fraud prevention.

Please describe whether the agency's policy for requiring or not requiring Social Security numbers is new as of FY2012, or remaining the same.

Since the programs inception in 1999, NCIDC has required SSN for all LIHEAP applicants.

If the agency is not requiring Social Security Numbers of LIHEAP applicants and/or household members, please explain what supplementary measures are being employed to prevent fraud.

N/A

6. Cross-Checking Social Security Numbers Against Government Systems/Databases

Describe if and how the agency used existing government systems and databases to verify applicant or household member identities in FY2011 and continuing in FY2012. (Social Security Administration Enumeration Verification System, prisoner databases, Government death records, etc.)

NCIDC has not used any existing government systems or databases to verify applicant identities because there has never been a requirement to cross check SSN against Government Systems/databases in the past. We have researched the various potential systems and have found that they are either too expensive or unavailable for LIHEAP providers. Aside from the prohibitive expense of some of the options suggested, accessing the state and federal databases is an even greater challenge and there are legal ramifications. The following quote is from the Social Security Number Verification Service at the Social Security Administration's website: "While the service is available to

all employers and third-party submitters, it can only be used to verify current or former employees and only for wage reporting (Form W-2) purposes." Although we explored the viability of several databases, we were unable to access any because each had its own unique set of challenges that were time consuming and unfruitful.

Please highlight, which, if any, policies or strategies for using existing government databases will be, newly implemented in FY2011.

NCIDC will continue to use current policies and will not use existing government databases due to their prohibitive nature. Should the DHHS develop a methodology for cross checking SSN that is not prohibitive, NCIDC will adopt as appropriate.

If the agency won't be crosschecking Social Security Numbers and ID information with existing government databases, please describe how the agency will supplement this fraud prevention strategy.

NCIDC has been providing LIHEAP services for many years and is confident in our current method of fraud prevention, as it has an adequate check and balance system and to the best of our knowledge no abuse of the program has occurred.

7. Verifying Applicant Income

Describe how the agency or designee used State Directories of new hires or similar systems to confirm income eligibility in FY2011 and continuing in FY2012.

The majority of employment on reservations is within the Tribal government and its subsidiaries and Tribes are not required to report employment data to the state. Therefore, the state databases are inadequate for new hires on reservation.

In an effort to insure that all household members' income is accounted for, we will require a new form beginning in FY 2011 and continuing in FY 2012 is the "verification of unemployment/no income" statement (see attachment 7). It will be required for all adults living in the household. The form will assist in verifying that the household income and number of people living in the home is accurate on the application form. This form requires that all household members, 18 years or older complete and sign a statement that verifies they are unemployed or have no income. Additionally, the Tribal LIHEAP coordinator must also sign each form, as verification of household members and employment/income status.

Please highlight any policies or strategies for using new hire directories, which will be newly implemented in FY2012.

As explained above, these directories do not provide adequate information requiring new hires on reservations; therefore we will not be using new hire directories in FY 2012. A new strategy will be to include the Verification of Unemployment/No Income Statement form in the 2011/2012 FY.

If the agency won't be using new hire directories to verify applicant and household member incomes how will the agency be verifying the that information?

N/A

8. Privacy-Protection and Confidentiality

Describe the financial and operating controls in place in FY2011 that will continue in FY2012 to protect client information against improper use or disclosure.

NCIDC's Personnel Policies statement regarding confidentiality states: "Employees shall not discuss or relate any confidential or sensitive information to any person not entitled to such information. In this regard a confidentiality form may be required to be signed by the employee (see attachment 8). " Employees working directly with clients and or client data are responsible for safeguarding client information. As such, each department that has access to confidential or sensitive files is required to follow specific procedures that insure privacy protections. File cabinets are locked at the end of the day. Offices that contain confidential files are secured both during office hours and after hours an electronic security system is used. Keys to sensitive areas are selectively distributed to management personnel and program staff that require daily access to files. These same procedures are followed in the fiscal department. Locking file cabinets assure that personal and financial information is safeguarded. Computer security is equally rigorous. The computer system has firewalls that protect entry from outside entities and only select personnel who have reason to use confidential information have access to files on the server. Passwords are required to open individual computers and are also required to open specific files.

As an additional measure, the responsibility statement form was updated to strengthen against the fraudulent misuse of funds. The responsibility statement, (See attachment 9) a required form that all LIHEAP participants must sign and serves two purposes. The statement is additional certification that the person signing is aware that falsifying information can lead to prosecution and it is an acknowledgment that they are the only person in their household applying for LIHEAP funds. By signing the form permission is also granted for the Tribe or NICDC to exchange name and address information with other LIHEAP providers to insure there is no duplication of services. This is one more way that we are guarding against fraud or waste of LIHEAP funds.

Please highlight any controls or strategies from your plan, which will be newly implemented as of FY2012.

NCIDC is in the process of installing additional hard and software that will further prevent access and protect sensitive data within our computer system. New strategy: The addition of the updated Responsibility Statement.

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.

N/A

9. LIHEAP Benefits Policy

Describe FY2011 agency policies continuing in FY2012 for protecting against fraud when making payments, or providing benefits to energy vendors on behalf of clients.

The NCIDC's FY 2012 policies regarding fraud protection, when making payments or providing benefits to energy vendors on behalf of LIHEAP clients, starts with a Vendor Agreement (see attachment 10) to the energy providers explaining LIHEAP and inviting them to participate in the program. In addition the following statement is included: "The following NCIDC employees are authorized to make pledges:" and each year the NCIDC employees who are authorized are verified, added or subtracted from the list. This clause has helped to avoid fraudulent activities or errors by specifying that only the individuals indicated are able to authorize payments.

NCIDC sends the utility company pledge letters for eligible clients. The pledge letter outlines who the client is, the client's energy company account number and the amount NCIDC is pledging to the energy vendor for that client. For absolute clarity, in FY 2012, we will add a statement to the pledge letter (see attachment 11) that verifies that this is a one-time payment for this specific client to avoid any misunderstandings or fraud.

One mechanism that is in place that lessens the opportunity for fraudulent behavior is that NCIDC releases payment directly to the vendor only after a client is qualified for the program and there is validation that the credit, product or service was provided by the vendor.

In the case of an energy-related crisis, clients must provide verification of interruption of service, a shut off notice or a notice from the vendor requiring a pre-payment before delivery of heating/cooking fuels.

There are no circumstances under which a client receives a direct payment for LIHEAP services. Under no circumstances does an energy provider receive payment until it is validated that the bill has been paid or in emergency situations that service will not be interrupted or has been turned back on. The steps in NCIDC's process are designed to prevent fraud and to guarantee that LIHEAP resources are used for the express purpose outlined in the LIHEAP policies and procedures.

Please highlight any fraud prevention efforts relating to making payments or providing benefits, which will be newly implemented in FY2012.

In an effort to strengthen NCIDC's policies and practices in administering the LIHEAP program an additional step will be taken to safeguard against fraud and waste. When the annual letter is send to vendors the fraud prevention fliers referenced above regarding fraud reporting will be included.

If the agency 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 agency taking to ensure program integrity.

N/A

10. Procedures for Unregulated Energy Vendors

Describe the agencies FY2011 procedures continuing in FY2012 for averting fraud and improper payments when dealing with bulk fuel dealers of heating oil, propane, wood and other un-regulated energy utilities.

The two-step client application process for Unregulated Energy Vendors is identical to what is described in section 9 – LIHEAP Benefits Policy. The difference with unregulated energy vendors is in how vendors are selected, evaluated for authenticity (see below in section 11 – Verifying the Authenticity of Energy Vendors) and the procedure for verifying that the client receives energy assistance under LIHEAP program. For many years, including 2011, the Tribal Coordinator selected unregulated vendors. The Tribes that NCIDC provides LIHEAP services for are relative small making it reasonable for Tribal coordinators to know and validate local unregulated vendors. In an effort to safeguard against fraud a system has been utilized that validates that clients receive the promised energy services. After a client is authorized for benefits, the vendor is notified that the client is entitled to a specified amount of wood or pellets. The wood vendors makes arrangements to deliver the wood and at that time the client and vendor both complete and sign a form (see attachment 12) stating that the client received what they were authorized to receive and the vendor delivered what was authorized. Additionally, it is required that vendors provide either a Social Security number or an Employer Identification Number on the form. No payment is made until the NCIDC LIHEAP coordinator receives the completed form and authorizes release of the funds. NCIDC staff requires pellet vendors to fax invoices on letterhead and confirmation of delivery before they can be paid.

A unique situation for which NCIDC has designed protocols to avert any misunderstandings or fraud is with mobile home parks. It is typical for the parks to bill tenants for rent, power, sewer and garbage collectively and the park is responsible for paying the utilities from those proceeds. NCIDC requires the client to produce a copy of their rent bill with the utility breakdown, showing what the client has or has not paid. In this way when paying out LIHEAP claims only valid utility costs are paid. This method serves two purposes first it guarantees a valid payment amount and the rent bill validates the mobile home park as a qualified vendor.

Please highlight any strategies, policy in this area, which will be newly implemented in FY2012.

No new policies will be implemented in FY 2012.

If you don't have a firm plan for averting fraud when dealing with unregulated energy vendors, please describe how the agency is ensuring program integrity.

N/A

11. Verifying the Authenticity of Energy Vendors

Describe the agencies FY2011 policies continuing in FY2012 for verifying the authenticity of energy vendors being paid under LIHEAP, as part of the agency's procedure for averting

fraud.

NCIDC is cognizant of the potential for fraud in the LIHEAP program and several measures have been instituted to guard against abuse. For the large vendors such as Pacific Gas & Electric, Department of Water and Power, Ameri-gas and cities and municipalities an official copy of the client's utility bill validates the authenticity of the vendor. Stricter measures are employed with unregulated vendors including stores that sell pellets for heating. Unregulated vendors are required to produce proof of authenticity by providing a Social Security number or an Employer Identification number; by invoicing on their companies letterhead and they are further scrutinized by NCIDC staff that check for their presence in local phone books or on the Internet. Most Tribal coordinators are aware of the wood providers that serve their reservation, which serves as another method of validation. Pellet vendors are also checked via the local phone book or on the Internet and validated by requiring billing for pellets be faxed to NCIDC on official store stationary. As mentioned above in section 10, verifying the authenticity of mobile home parks as energy providers is accomplished through their billing process, which is required documentation for clients seeking LIHEAP assistance.

Please highlight any policies for verifying vendor authenticity, which will be newly implemented in FY2012.

A policy adjustment NCIDC will make in FY 2012 will be to limit the number of unregulated wood vendors that each Tribe can have on record as current energy providers. The policy will limit the number of vendors, to two (2) per Tribe. The LIHEAP Tribal Coordinator, at the beginning of the year will select these vendors and the NCIDC LIHEAP coordinator will have final approval.

If you don't have a system in place for verifying vendor authenticity, please describe how the agency can ensure that funds are being distributed through valid intermediaries?

N/A

12. Training and Technical Assistance

In regards to fraud prevention, please describe elements of your FY2011 plan continuing in FY2012 for training and providing technical assistance to (a) employees, (b) non-governmental staff involved in the eligibility process, (c) clients, and (d) energy vendors

All NCIDC staff is trained to take every precaution to prevent fraud. Staff is best equipped to know what mechanisms must be in place to avert illegal activities. Staff is very confident that the systems in use are duly stringent and pertinent as they come about as a direct result of experience with LIHEAP. The application and disbursement process has multiple checks and balances to guard against fraudulent behavior and is a fair eligibility process for applicants.

Tribal coordinators are trained when they are new to the program and are reminded on a continuing basis of program procedures. NCIDC coordinators are always available to assist and answer questions of Tribal coordinators. When errors occur NCIDC program coordinators remind the Tribal staff of the proper procedures and will work closely with them to reinforce what is needed for client eligibility. NCIDC program coordinators give

final approval and review each application for completeness and accuracy, which helps to prevent errors.

Clients are provided assistance at the local level from their Tribal coordinators who help each applicant complete the process. The rules and requirements of the program are explained to each applicant during the application process.

Most regulated vendors have been participating in the program for many years and know and understand the procedures and processes. Unless there are energy vendor staffing changes or policy or procedural changes only the annual reminders of the programs services and limitation are provided.

Please highlight specific elements of your training regiment and technical assistance resources from your plan, which will represent newly implemented in FY2012.

Our training regiment and technical assistance will remain the same with the exception of, as outlined above in section 3, Fraud Reporting Mechanisms, providing fraud-reporting information to all of the Tribes and vendors we work with.

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.

N/A

13. Audits of Local Administering Agencies

Please describe the annual audit requirements in place for local administering agencies in FY2011 that will continue into FY 2012.

NCIDC is the administering agency of LIHEAP. The Tribal coordinators are responsible for advertising the program, taking the clients through the first stage of the application process, for validating the authenticity of the client information and the local vendor information and for collecting the required documents and forwarding completed applications. No funds are subcontracted to individual Tribes. All pledges and payments are generated by the NCIDC coordinators and monitored internally through a series of steps that safeguard for fraud and abuse. An independent CPA firm audits LIHEAP and all of NCIDC's programs annually.

Please describe new policies or strategies to be implemented in FY2012.

N/A

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.

N/A