

PERFORMANCE AUDIT REPORT

Pennsylvania Department of Human Services

Low-Income Home Energy Assistance Program

August 2024



Commonwealth of Pennsylvania
Department of the Auditor General

Timothy L. DeFoor • Auditor General

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**TIMOTHY L. DEFOOR
AUDITOR GENERAL**

July 14, 2024

The Honorable Josh Shapiro
Governor
Commonwealth of Pennsylvania
Room 225 Main Capitol Building
Harrisburg, PA 17120

Dear Governor Shapiro:

This report contains the results of the Department of the Auditor General's performance audit of the Low-Income Home Energy Assistance Program (LIHEAP), administered by the Department of Human Services (DHS). Our performance audit of the Weatherization Assistance Program, administered by the Department of Community and Economic Development, will be issued under separate cover.

The performance audit was conducted under the authority of Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402 and 403, and Section 3016.1 of the Energy Conservation and Assistance Act (Act), 62 P.S. § 3016.1 (added by Act 164 of 2012), and 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 our audit objectives.¹ We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our performance audit of LIHEAP included two objectives: (1) Evaluate whether DHS properly determined eligibility for LIHEAP applicants and authorized correct cash or crisis benefits; and (2) Evaluate the adequacy of DHS' LIHEAP monitoring plan designed to ensure the accuracy of eligibility determinations and authorization of LIHEAP benefits according to applicable laws, regulations, policies, and related guidance documents. The audit period for LIHEAP was July 1, 2021, through June 30, 2022, with updates where applicable through the end of our audit procedures.

¹ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021.

The Honorable Josh Shapiro

July 14, 2024

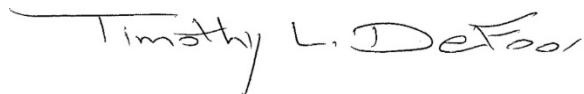
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Our auditors found that computer system and DHS caseworker errors during application processing caused improper LIHEAP benefit payments. They included unallowed multiple Cash payments as well as Crisis overpayments. The identified errors totaled \$5,632 in overpaid Cash benefits and \$281 in overpaid Crisis benefits from our review of 50 selected payments. We offer three recommendations to rectify these deficiencies. We also found that DHS' LIHEAP monitoring process appears to be comprehensive and effective.

We also conducted procedures to determine the status of the prior audit finding presented in the performance audit report released on June 14, 2018. We found that although DHS considered or implemented our prior recommendations, improper payments were again made during our latest audit period. Accordingly, we consider the prior audit finding to be partially resolved.

In closing, I want to thank DHS for its cooperation and assistance during this audit. DHS is in agreement with the finding and is committed to implementing two of the three recommendations to strengthen the program. See further comments in the *DHS' Response and Auditor's Conclusion* section of this report. We will follow up at the appropriate time to determine whether and to what extent all recommendations have been implemented. Please note that pursuant to Section 3016.1(c) of the Act, 62 P.S. § 3016.1(c), a copy of the performance audit will be published as a notice in the Pennsylvania Bulletin subsequent to the release of this report.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. DeFoor". The signature is written in a cursive style with a long horizontal line extending from the start of the name.

Timothy L. DeFoor
Auditor General

A Performance Audit

**Department of Human Services
Low-Income Home Energy Assistance Program**

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Department of Human Services Low-Income Home Energy Assistance Program

Introduction and Background

This performance audit of the Low-Income Home Energy Assistance Program (LIHEAP), which is administered by the Pennsylvania Department of Human Services (DHS), is a mandated audit conducted under the authority of Sections 402 and 403 of the Fiscal Code and Section 3016.1 of the Energy Conservation and Assistance Act.²

Our audit of LIHEAP consisted of two objectives. The **first objective** was to evaluate whether DHS properly determined eligibility for LIHEAP applicants and authorized correct cash or crisis benefits. The **second objective** was to evaluate the adequacy of DHS' LIHEAP monitoring plan designed to ensure the accuracy of eligibility determinations and authorization of LIHEAP benefits according to applicable laws, regulations, policies, and related guidance documents. The audit covered the period July 1, 2021, through June 30, 2022, with updates where applicable through the end of our audit procedures. A detailed description of the audit objectives, scope, methodology, and data reliability is presented in *Appendix A*.

Low-Income Home Energy Assistance Program (LIHEAP)

First authorized in 1981 by the federal Energy Conservation and Assistance Act, LIHEAP is a federal block grant program administered through the U.S. Department of Health and Human Services (U.S. HHS).³

LIHEAP provides financial assistance to eligible low-income households by paying for:

- Home-heating costs (cash benefits).
- Home-heating emergencies due to broken heating equipment, weather related problems, fuel supply shortages, and other household energy-related emergencies (crisis benefits).
- Weatherization services that provide long-term solutions to the home-heating problems of low-income households (Weatherization Assistance Program).⁴

By September 1 each year, Pennsylvania submits an application for funds available from U.S. HHS for the upcoming LIHEAP program year, which coincides with the federal fiscal year of

² 72 P.S. § 402 and 403 and Section 3016.1 (relating to Powers and duties of Auditor General) of the Act, 62 P.S. § 3016.1 (added by Act 164 of 2012). Pursuant to Section 3016.1(c) of the Act, a copy of the LIHEAP audit report must be published as a notice in the Pennsylvania Bulletin. *See* 62 P.S. 3016.1(c).

³ Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended. *See also* 62 P.S. § 3011 *et seq.* (Act 122 of 1986 as amended).

⁴ Commonwealth of Pennsylvania Low-Income Home Energy Assistance Program, Fiscal Year 2022 State Plan. DHS transfers 15 percent of its annual LIHEAP funding to the Pennsylvania Department of Community and Economic Development (DCED) to administer the Weatherization Assistance Program (WAP). Our performance audit of WAP will be issued under separate cover to DCED.

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October 1 through September 30. This application outlines how funds will be distributed to eligible households.⁵

The DHS Office of Income Maintenance (OIM) administers the LIHEAP operations through County Assistance Offices (CAOs) located in all 67 Pennsylvania counties, 12 regional/statewide processing centers (PCs), and two contractors that assist DHS in processing LIHEAP crisis benefits. For simplicity, we cumulatively refer to them as CAOs/PCs. Staff process LIHEAP applications to determine applicant eligibility and authorize benefit payments. DHS utilizes the Electronic Client Information System (eCIS) to maintain demographic and eligibility information for all LIHEAP clients and to record benefits provided or rejected.

LIHEAP Eligibility

DHS is responsible for determining applicant eligibility and the type of benefit needed. Federal law requires state LIHEAP programs to make payments only to households with incomes that do not exceed the greater of either an amount equal to 150 percent of the poverty level for the state or an amount equal to 60 percent of the state median income. A state may not exclude a household from eligibility in a fiscal year solely on the basis of household income if household income is less than 110 percent of the poverty level for that state, but the state may give priority to those households with the highest home energy costs or needs in relation to the household income.⁶

In program year 2021-22, DHS chose to establish income limits at 150 percent of the federal poverty guidelines for the cash and crisis components. The income eligibility limit for the weatherization component was 200 percent of the Federal Poverty Income Guidelines. The established income limits are published in the annual LIHEAP State Plan.

⁵ See publicly available LIHEAP Fact Sheet for additional information regarding program requirements and appropriations; <https://www.acf.hhs.gov/ocs/fact-sheet/liheap-fact-sheet> (accessed April 29, 2024).

⁶ 42 U.S.C. § 8621-8630 (2008); <https://www.acf.hhs.gov/ocs/law-regulation/liheap-statute-and-regulations> (accessed March 13, 2024).

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Program Year 2021-22	
Household Size	Income Limit
1	\$19,320
2	\$26,130
3	\$32,940
4	\$39,750
5	\$46,560
6	\$53,370
7	\$60,180
8	\$66,990
9	\$73,800
10	\$80,610
For each additional person	+ \$6,810

Source: Commonwealth of Pennsylvania Low-Income Home Energy Assistance Program, Fiscal Year 2022 State Plan.

Besides the household income limits, applicants for LIHEAP benefits must meet the requirements listed below:

- Households must be responsible for paying for the home's main source of heat, either directly to an energy provider or utility service, or indirectly as an undesignated part of rent.
- Applicant household members must permanently live in Pennsylvania.
- Applicants must be U.S. citizens or lawfully admitted non-citizens.⁷

Households must meet the additional requirements listed below to qualify for a crisis benefit:

- The household must be without heat or in imminent danger of being without heat because of a weather-related or fuel-supply emergency.
- The household can be eligible for a single crisis benefit or in combination with other resources available to an applicant to resolve the home-heating emergency.
- The household must provide proof of the home-heating emergency.⁸

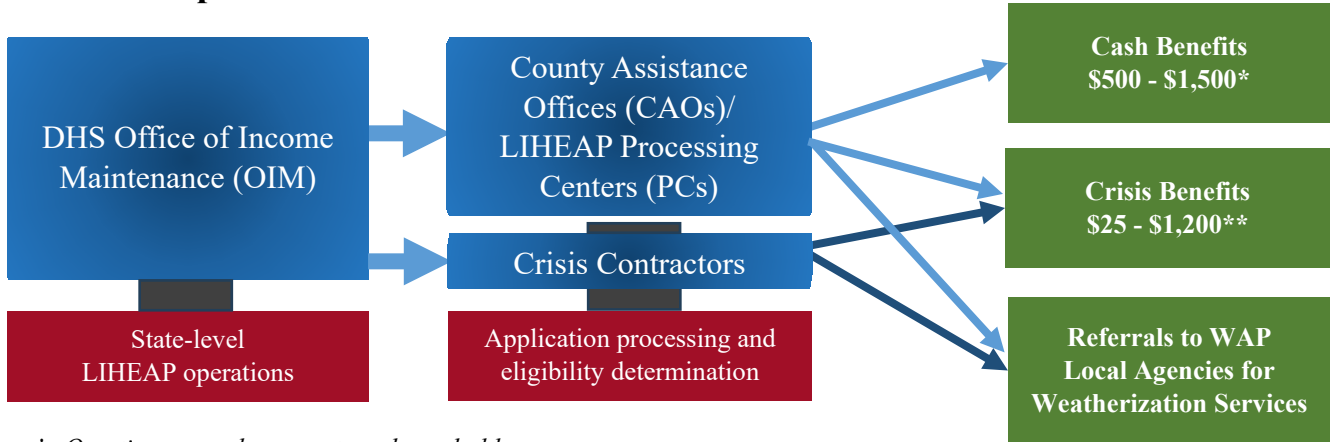
⁷ LIHEAP Handbook, updated March 14, 2023.

⁸ Ibid.

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LIHEAP Operational Overview



*- One-time annual payment per household.

** - Cumulative total of multiple payments per household.

Source: Developed by Department of the Auditor General staff.

DHS administers LIHEAP cash and crisis components, while the Pennsylvania Department of Community and Economic Development (DCED) administers the weatherization component.

Cash Benefits

DHS determines the cash benefit amount based on household size, household income, location, and fuel type. For the 2021-22 program year, cash benefit amounts ranged from \$500 to \$1,500.⁹ A household may receive only one cash benefit during the program year, also referred to as the LIHEAP season. DHS identifies the LIHEAP season in the annual LIHEAP State Plan submitted to U.S. HHS. It typically starts on November 1, and ends during the following spring, but may be extended.¹⁰ During the audit period, the LIHEAP season started on October 18, 2021, and extended to June 17, 2022, due to additional LIHEAP funding provided through the American Rescue Plan Act of 2021 (ARPA).¹¹

⁹ Commonwealth of Pennsylvania Low-Income Home Energy Assistance Program, Fiscal Year 2022 State Plan.

¹⁰ LIHEAP Handbook, updated March 14, 2023.

¹¹ DHS Operations Memo 22-05-01-Extension of 2021-22 LIHEAP Season as well as The American Rescue Plan's Funding Announcement, <https://www.whitehouse.gov/wp-content/uploads/2022/01/LIHEAP-Pennsylvania.pdf> and H.R.1319 – 117th Congress: American Rescue Plan Act of 2021, Public Law No. 117-2, <http://www.govinfo.gov/content/pkg/BILLS-117hr1319enr/pdf/BILLS-117hr1319enr.pdf> (both accessed April 29, 2024).

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Crisis Benefits

LIHEAP clients experiencing a home-heating emergency may receive crisis benefits in two forms:¹²

1. Payments to energy vendors, such as heating fuel or electricity suppliers.
2. Repair services or replacement of inoperable home heating systems or other heating-related components, as described in the *WAP Benefits* section below.

For the 2021-22 program year, eligible households may receive multiple crisis benefit payments during the LIHEAP season, totaling up to the \$1,200 maximum, regardless of whether the household received a cash benefit.¹³ The amount of the crisis benefit is based on the amount needed to resolve the heating emergency. A household may receive a crisis benefit for the primary or secondary heating fuel type.

WAP Benefits

For crisis situations involving an inoperable heating system, the CAOs/PCs determine eligibility and then refer LIHEAP clients to WAP local agencies (local agencies) within 24 hours. The local agencies, through contracts with DCED to provide weatherization services, must contact the LIHEAP clients in life-threatening situations to address the crisis within 18 hours after being notified. All other referred crisis clients must be contacted within 24 hours, and time frames needed to complete the necessary repairs or replacement must be documented and discussed with the client within 48 hours. These services may include:

- Repair of heating system
- Loan of auxiliary heater
- Repair of gas or other fuel lines
- Replacement of unrepairable heating systems
- Repair of hot water heating system
- Heating system pipe thawing service
- Repair of broken windows
- Provide blankets

DCED also provides traditional weatherization services for LIHEAP clients. This includes the installation of energy-saving measures to improve a home's energy efficiency and reduce heating costs.

¹² LIHEAP Handbook, updated March 14, 2023.

¹³ Commonwealth of Pennsylvania Low-Income Energy Assistance Program, Fiscal Year 2022 State Plan.

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LIHEAP Monitoring

OIM's Bureau of Program Evaluation (BPE) oversees the LIHEAP monitoring process. BPE assigns CAOs to perform monitoring of a determined number of LIHEAP applications processed during the program year. The number of required reviews for each CAO/PC is based in part on the percent of applications received statewide during the prior LIHEAP season; however, there is a minimum requirement of 40 reviews per CAO/PC. CAO/PC supervisors use a targeting tool to select applications with specific criteria to review. CAO/PC supervisors review the applications to confirm applicant eligibility and benefit payment accuracy.

DHS also engaged an outside contractor to conduct additional monitoring procedures during the audit period. DHS and its contractor work together at the beginning of each LIHEAP season to plan the detailed monitoring procedures to be performed.

The monitoring contractor conducts three types of LIHEAP monitoring reviews. It reviews the following: 1) applications at CAOs/PCs to verify eligibility timeliness and accuracy, 2) energy supply vendors for compliance with their contract agreements, and 3) WAP local agencies for compliance with handling crisis weatherization referrals in accordance with DCED directives.

The monitoring contractor reviews the 12 largest processing locations annually – the Philadelphia County and Allegheny County CAOs, two regional processing centers and eight statewide processing centers. The contractor monitors the remaining 69 CAOs/PCs on a rotating basis, but no less than every three years.¹⁴ As with the CAO/PC supervisor reviews, the contractor targets processed LIHEAP applications with high-risk characteristics for its reviews.

The contractor discusses the monitoring review results at a monitoring exit conference with CAO/PC management. After the exit conference, the staff at the CAO/PC submits a corrective action plan and may submit a rebuttal to BPE regarding any findings reported. After addressing any responses that the CAO/PC may submit, the monitoring contractor issues a final report of its review findings to the CAO/PC and BPE. The contractor also provides a comprehensive summary of its monitoring results for the program year to DHS. DHS uses the comprehensive final report to update training content, improve processes, correct system-related issues, and identify areas that may be susceptible to fraud and abuse.

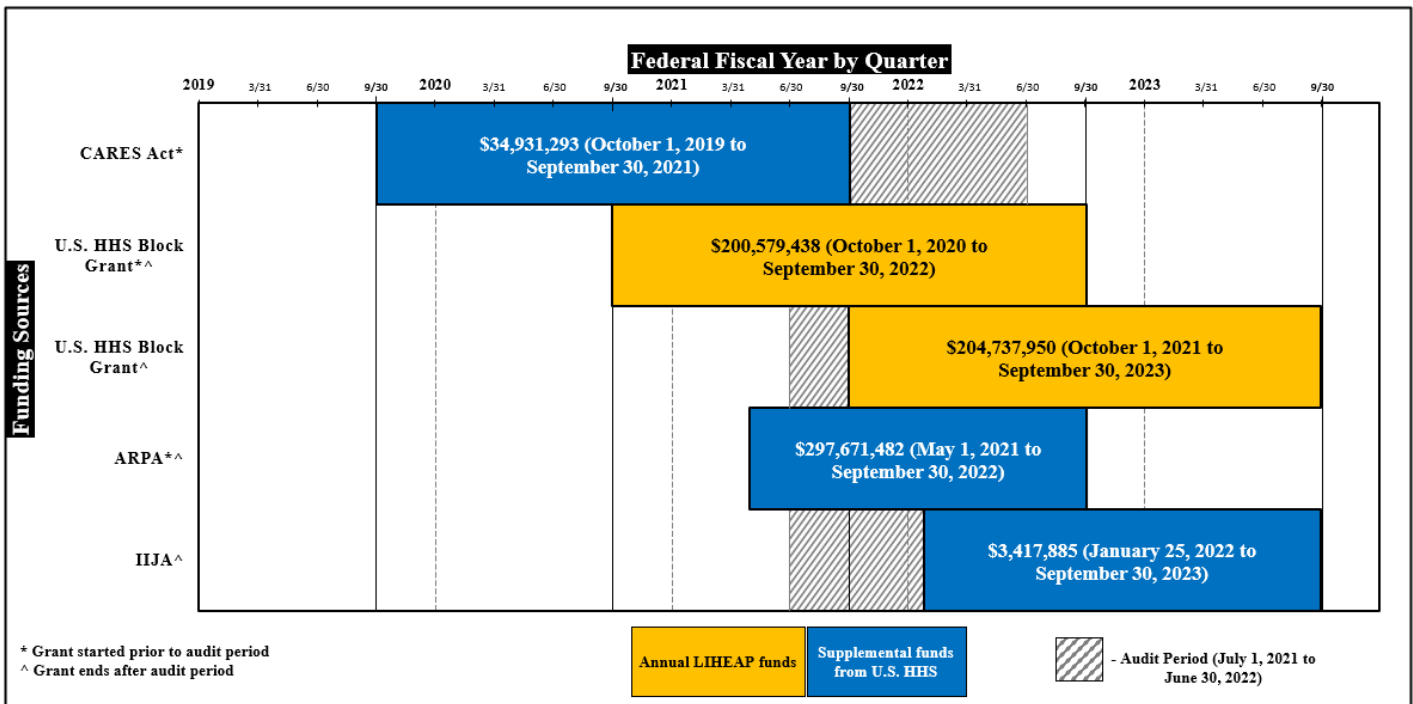
¹⁴ DHS operates multiple CAOs within Allegheny, Delaware, Luzerne, Montgomery, Philadelphia, Washington, and Westmoreland counties. All CAOs within a county are reviewed when the county is selected for monitoring.

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LIHEAP Funding

The federal government applies the LIHEAP statutory formula to annually allocate block grant funds to the states.¹⁵ For the 2021-22 program year, DHS received \$204.7 million in block grant funding. DHS also received additional LIHEAP funding through specific pandemic relief legislation enacted by the U.S. Congress to address the adverse economic impact of the COVID-19 pandemic. This supplemental funding included nearly \$35.0 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, \$297.6 million through the American Rescue Plan Act of 2021 (ARPA), and \$3.4 million through the Infrastructure Investment and Jobs Appropriation (IIJA) Act of 2021.¹⁶ The following chart shows the block grants and supplemental grant funds with the period of availability for each:



Source: Developed by Department of the Auditor General staff.

LIHEAP and WAP Funding Flow

Pennsylvania administers LIHEAP and WAP through separate state agencies, DHS and DCED, respectively. DCED utilizes annual WAP grant funding received directly from the U.S. Department of Energy and a transfer of up to 15 percent of DHS' annual LIHEAP allocation

¹⁵ Human Services Reauthorization Act of 1984 (Public Law 98-558).

¹⁶ CARES Act, Public Law 116-136 (2020); ARPA of 2021, Public Law 117-2; and IIJA Act, Public Law 117-058 (2021).

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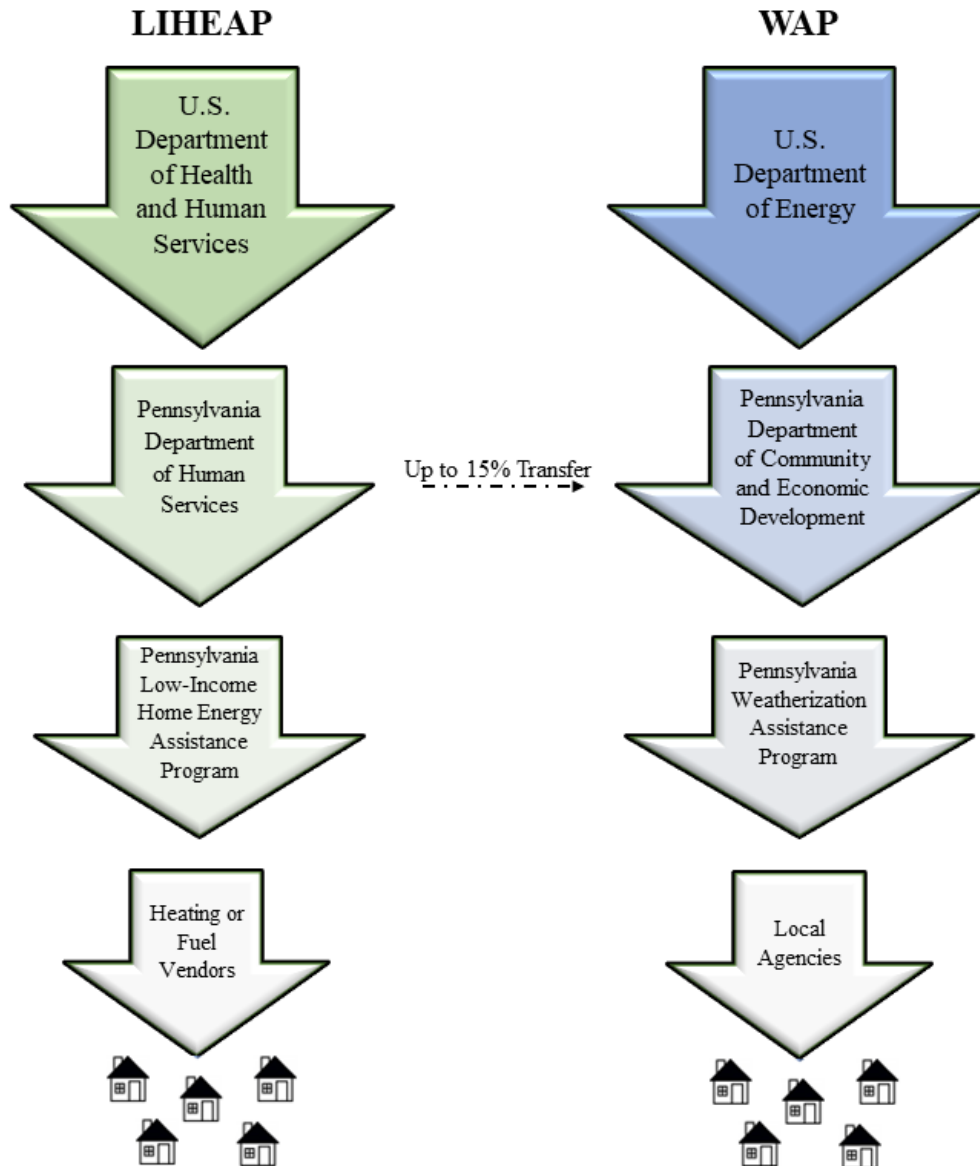
from U.S. HHS to administer WAP.¹⁷ The graphic below illustrates how the money flows from the federal government through the state agencies to home energy/heating fuel providers and weatherization service vendors/contractors to ease the burden of high energy costs for eligible low-income residents.

¹⁷ See the PA General Appropriations Act of 2003, Act 1A of 2003, enacted March 20, 2003, *see specifically* Section 1907 and the PA General Appropriations Act of 2023, Act 1A of 2023, enacted August 3, 2023, *see specifically* Section 209.

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Flow of Funds



Source: Developed by Department of the Auditor General Staff.

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Finding – DHS system errors and application processing mistakes caused improper LIHEAP benefit payments.

The Pennsylvania Department of Human Services (DHS) administers the federally funded Low-Income Home Energy Assistance Program (LIHEAP), which provides a one-time **CASH** benefit (up to \$1,500) for low-income families to help with home-heating costs and **CRISIS** benefits (up to \$1,200) to resolve household heating-related emergencies. DHS pays these benefits during the LIHEAP program year that typically runs from November through March of each year, although DHS may extend it as deemed necessary.¹⁸ The 2021-22 LIHEAP program year lasted approximately eight months from October 18, 2021, to June 17, 2022.¹⁹

DHS provided a data file containing 986,302 LIHEAP transactions that totaled more than \$320 million of authorized benefit payments between July 1, 2021, and June 30, 2022.²⁰ DHS processed these payments through a network of County Assistance Offices (CAOs) in each of Pennsylvania's 67 counties, 12 statewide/regional processing centers (PCs), and 2 **CRISIS** contractors. We cumulatively refer to these as CAOs/PCs for simplicity.

Given limited resources and the volume of LIHEAP applications from residents seeking benefits, DHS management stated that CAO/PC supervisors cannot reasonably verify that caseworkers accurately process each individual application. Similarly, DHS stated that it cannot subsequently monitor every application and payment authorized for purposes of identifying errors. In response to these challenges, DHS management implemented a monitoring strategy that focused its oversight efforts on areas of higher risk at the CAOs/PCs. DHS contracts with a vendor to monitor LIHEAP activities, in addition to CAO/PC supervisor monitoring reviews, as described later in this finding.

Using the DHS data, we selected benefit payments to evaluate whether DHS properly determined LIHEAP applicants' eligibility and authorized correct **CASH** or **CRISIS** benefits. We also evaluated the adequacy of DHS' LIHEAP monitoring plan designed to ensure the accuracy of eligibility determinations and authorization of LIHEAP benefits. We found that:

- DHS improperly authorized LIHEAP benefits, resulting in unallowable multiple **CASH** payments and **CRISIS** overpayments to some individuals.

¹⁸ [LIHEAP Handbook, updated March 14, 2023\(state.pa.us\);
http://services.dpw.state.pa.us/oimpolicymanuals/liheap/index.htm#t=603_General_Information%2F603.2_Program_Schedule.htm](http://services.dpw.state.pa.us/oimpolicymanuals/liheap/index.htm#t=603_General_Information%2F603.2_Program_Schedule.htm) (accessed May 2, 2024).

¹⁹ LIHEAP State Plan, Program Parameters, p. ii. The LIHEAP 2021-22 heating program year was originally set to end on May 6, 2022. DHS Operations Memorandum #22-05-01 extended the program year to June 17, 2022.

²⁰ The DHS data file contained 245,456 transactions that represented COVID-19 pandemic-related supplemental payments to recipients who received LIHEAP benefits in the prior program year. We reconciled the total benefit dollars paid in the data file to the amount recorded in the Commonwealth's accounting system to within one percent. See additional information about the data file in the Data Reliability section of *Appendix A*.

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- DHS' monitoring of applicant eligibility and benefit authorizations appears to be comprehensive and effective.

DHS authorized improper LIHEAP benefits, resulting in unallowable multiple CASH payments and CRISIS overpayments to some individuals.

We selected 50 LIHEAP benefit payments (34 CASH payments/16 CRISIS payments) from the DHS data file to verify whether the CAOs/PCs correctly determined applicant eligibility and properly authorized the benefit payment.²¹ We reviewed the information maintained in DHS' electronic Client Information System (eCIS) related to each of the 50 LIHEAP benefit payments selected.²² We verified DHS correctly paid LIHEAP benefit amounts for 43 of 50 selected benefit payments supported by information maintained in eCIS. However, we found that 7 of 50 benefit payments, or 14 percent, totaling \$5,913 were improper. DHS explained that five improper LIHEAP CASH payments, totaling \$5,632, resulted from system errors and two improper LIHEAP CRISIS payments, totaling overpayments of \$281, resulted from caseworker errors. We additionally found that income calculations in eCIS were incorrect for 8 of 50 selected benefit payments causing benefits to be initially incorrectly denied by the system and forcing DHS caseworkers to override the system to properly authorize the benefit payments. We describe the details of the system errors and caseworker errors in the subsequent sections.

DHS system errors caused improper LIHEAP CASH benefit payments and benefit denials.

We found that DHS overpaid CASH benefits between \$1,080 and \$1,279 to five LIHEAP clients totaling \$5,632 during the audit period. According to DHS management, improper payments resulted from two different system errors within eCIS. DHS explained that one error improperly allowed more than one CASH benefit to be authorized for an individual. The previously authorized payment was not being displayed on the applicant's payment history, so caseworkers were not aware of it. Management stated that the error was caused by an eCIS maintenance update by DHS' system maintenance contractor in late October 2021, which inadvertently disabled the system control designed to prevent an individual from receiving more than one LIHEAP CASH benefit during the program year, contrary to state regulations.²³

²¹ To select these 50 payments, we performed data analytics and then judgmentally selected 40 payments that appeared to be inaccurate or noncompliant with LIHEAP policy and randomly selected an additional 10 LIHEAP payments. As a result, the errors identified should not be projected over, nor are they representative of, the entire population. See additional details regarding the criteria used to judgmentally select transactions in the table in *Appendix B*.

²² DHS uses the electronic Client Information System (eCIS) to process LIHEAP applications for CASH/CRISIS benefits and maintain client data. Once approved, an applicant is eligible for one CASH payment and multiple CRISIS payments as needed up to the maximum during the LIHEAP program year. Therefore, multiple payments may be related to one LIHEAP application.

²³ 55 Pa. Code § 601.43 (relating to Number of payments) which provides the following, in part, "[a]n eligible household receives only one LIHEAP cash benefit during a program year."

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DHS management stated the system maintenance contractor routinely implements eCIS updates to ensure the system functions properly and addresses any identified issues. In this instance, the contractor failed to detect the system error during testing of the updates prior to installation. DHS management stated that although it continually works to improve the testing process, its ability to evaluate every possible scenario is limited. DHS evaluated the problem and issued a Daily Status System Notification to the CAOs/PCs on November 3, 2021, to ensure awareness and instruct caseworkers to report any incidents that they encountered. DHS determined that the error could not be permanently fixed until the next scheduled maintenance update in March 2022. However, DHS employed a temporary process to identify potential improper **CASH** benefit payments and cancel them before payment. The system maintenance vendor performed the update on March 19, 2022, to correct this error.

DHS further informed us that the five improper **CASH** benefit payments we found as part of our audit procedures resulted from a second eCIS error that occurred during the audit period, different from the first. DHS became aware of the second error on March 17, 2022, but did not fully understand the technical details of the error until after the LIHEAP program year had ended in June. After researching examples of potentially impacted payments, DHS determined that as caseworkers processed applications, the system pulled data from an incorrect data table, and therefore, did not identify that a LIHEAP **CASH** benefit had already been approved for a household, allowing a second **CASH** benefit to be incorrectly approved. DHS, however, was unable to identify the root cause of why this system error occurred. The system maintenance contractor subsequently installed a system patch on October 22, 2022, to resolve the error.

The following table shows the details for these five selected improper **CASH** benefit payments approved for the same individuals, illustrating the system's control failure to match the applicants' SSN, case record number, and/or address in order to prevent the improper processing which incorrectly allowed multiple **CASH** benefit payments to the same individuals:

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Improper CASH Payment Details – Selected Items

Error No.	Payment Order	CASH Benefit Amount	Approval Date	Payments		Applicant Details		
				Proper	Improper	Social Security Number	Case Record Number	Address
1	1 st	\$1,091	10/22/2021	✓		Same	Same	Same
	2 nd	\$1,091	10/26/2021		✓			
2	1 st	\$1,080	2/22/2022	✓		Same	Different	Different
	2 nd	\$1,080	3/2/2022		✓			
3	1 st	\$1,091	3/15/2022	✓				
	2 nd	\$1,091	3/22/2022		✓			
4	1 st	\$1,091	12/14/2021	✓				
	2 nd	\$1,091	12/27/2021		✓			
5	1 st	\$996	12/3/2021	✓		Same	Different	Same
	2 nd	\$1,279	4/12/2022		✓			

Source: Compiled by Department of the Auditor General staff based on a DHS data file of LIHEAP transactions during the audit period of July 1, 2021, through June 30, 2022.

The caseworkers who authorized these improper second **CASH** benefit payments could not see the previously authorized payments in the system as they determined eligibility, nor did the system alert or prevent the caseworker from authorizing the second payments. Caseworkers rely on the system controls to function properly and prevent the processing of ineligible payments.

DHS further informed us of a third eCIS error when we inquired about 8 of the 50 selected payments, which we chose from the sub-population of payments with household incomes of greater than \$60,180. The data file indicated that all eight selected payments had household incomes between approximately \$103,000 and \$329,800; however, we found the incomes were inaccurate based on the applicants' income documentation maintained in eCIS. DHS management explained that a routine system update in late June 2022, changed how eCIS calculated total household income for applicants who reported having multiple sources of income. The system erroneously multiplied the income by 12, which caused incorrect denials of benefits due to excessive household income for the number of household members. As with the first system error described earlier, pre-installation testing failed to identify this error.

CAO/PC staff reported 31 eCIS errors to DHS about this issue between June 25 and June 30, 2022. Prior to a system patch installed in mid-July to correct the error, DHS issued a Daily Status System Notification on July 5, 2022, instructing caseworkers to override the system rejection after manually recalculating household income to ensure it falls within the eligibility limits. Unlike the first two eCIS errors discussed, this error caused the system to improperly deny LIHEAP benefits for eligible applicants. The errors would have remained undetected unless questioned by the caseworkers or applicants. For the eight payments we reviewed, we found the

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caseworkers properly authorized the payments. However, due to the nature of this error, we were unable to determine the potential number of applicants incorrectly denied beyond the eight we reviewed.²⁴

For each of the three eCIS errors, we asked DHS whether it attempted to identify the entire population of impacted applications or payments to ensure eligible applicants received the proper benefits and to recoup amounts that it overpaid. DHS management stated that according to its policy, if a LIHEAP overpayment is caused by an administrative error, it cannot be collected.²⁵ DHS stated that because it classifies an eCIS system error as administrative, no evaluations were performed to determine the extent of improper payments since it would not recoup the funds. DHS also stated that no further analysis was performed to identify any applicants falsely rejected and denied benefits. Because DHS did not evaluate the extent of improper payments made, we analyzed the DHS data file for other payments having similar characteristics to the five improper payments we reviewed and found an additional 387 cases of multiple **CASH** payments to the same individuals totaling \$212,196. While we did not review these additional cases, they may have also been improper.

DHS management is responsible for having controls in place that ensure LIHEAP applications and payments are processed accurately, based on the inclusion of information technology (IT) system controls. According to the Standards for Internal Control in the Federal Government, commonly known as the Green Book, management is responsible for designing control activities over the acquisition, development, and maintenance of IT. Management is also responsible to design control activities over changes in IT, which may include reviewing the testing results and designing protocols to determine whether changes are made properly.²⁶ Although DHS management stated that it employs an IT change process to manage updates to eCIS, limitations with its testing process resulted in the implementation of undetected system errors into eCIS that caused improper LIHEAP benefit payments, as described above.

²⁴ Although the DHS data file contained rejection codes for certain records, determining the population of falsely rejected applications due to the income calculation system error and whether the caseworker appropriately overrode the system to authorize the proper benefit payments would require us to evaluate every case beyond analyzing the data. We did not perform this additional work and only report on the eight payments with this error that we selected for review along with DHS' explanation.

²⁵ DHS Supplemental Handbook, Chapter 910.21: An Overpayment Exists and the CAO Will Complete an Overpayment Referral – Exception.

²⁶ Standards for Internal Control in the Federal Government, United States Government Accountability Office, GAO-14-704G, Section 11.15, Design of Information Technology Acquisition, Development, and Maintenance, September 2014; <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed April 18, 2024); and Management Directive 325.12, Standards for Enterprise Risk Management in Commonwealth Agencies, as amended October 1, 2021; https://www.oa.pa.gov/Policies/md/Documents/325_12.pdf (accessed April 12, 2024).

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DHS caseworker errors caused LIHEAP CRISIS benefit overpayments.

Our review of 50 LIHEAP benefit payments also found that two improper payments were made due to caseworker errors which resulted in overpayments of **CRISIS** benefits totaling \$281. We selected 2 individuals who received **CRISIS** benefits in excess of the \$1,200 maximum for the 2021-22 program year from the LIHEAP data and noted that both received 3 **CRISIS** benefit payments during the year. We reviewed all 3 payments made to each and found that the third payments caused the individuals' total **CRISIS** benefit to exceed the maximum by \$146 and \$135, or \$281 combined. In both instances, the records in eCIS indicated the caseworker's supervisor overrode system controls designed to prevent individuals from receiving more than \$1,200 maximum for **CRISIS** benefits during the 2021-22 LIHEAP program year.

After reviewing the details of both overpayments, DHS management confirmed that the decisions to override the control were not proper. The caseworker supervisor relied on estimated billing amounts that the caseworker verbally obtained from fuel suppliers for previously authorized **CRISIS** payments, rather than waiting for actual billing amounts, which would have ensured the **CRISIS** benefit payments did not exceed the maximum. Consequently, overpayments of \$146 and \$135 occurred. Because they were the result of caseworker errors and considered administrative errors, DHS did not attempt to recover these overpayments.

DHS management explained that it evaluates caseworker errors and uses the LIHEAP Knowledge Reinforcement Sessions (LKRSs) to instruct and guide all CAO/PC staff members who process LIHEAP applications and determine eligibility. DHS issues LKRSs weekly and all staff must complete them. The LKRSs reinforce the caseworkers' understanding of any policy or processing procedure determined to be the reason for processing errors found during DHS' monitoring activities.²⁷ While we only confirmed the two improper payments due to caseworker errors that were included in our review of 50 selected LIHEAP benefit payments, further analysis of the DHS payment data file revealed 89 additional **CRISIS** payments that caused individuals to exceed the \$1,200 program year maximum by a total of \$54,597, which may have resulted from caseworker errors. Therefore, DHS must improve processes that instruct caseworkers and supervisors how to avoid making such errors.

DHS' LIHEAP monitoring process appears to be comprehensive and effective.

The federal LIHEAP Act of 1981, as reauthorized by the Energy Policy Act of 2005, requires that DHS assure the proper disbursement of LIHEAP funds through adequate monitoring of

²⁷ DHS utilized LKRSs to instruct CAO/PC staff of the caseworker error issues reported in the previous audit report. See additional details in the *Status of Prior Finding* section of this audit report.

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CASH and **CRISIS** benefit authorizations and payments.²⁸ DHS outlines its planned monitoring strategy each year in the LIHEAP State Plan, which is approved by the U.S. Department of Health and Human Services.

DHS assigned oversight responsibility of monitoring LIHEAP to its Bureau of Program Evaluation (BPE).²⁹ For the period July 1, 2021, through June 30, 2022, DHS utilized a combination of internal monitoring by DHS staff and external monitoring through a contracted vendor. At the beginning of each program year, DHS and the contractor develop a monitoring plan. Additionally, DHS distributes documents to CAOs/PCs that specify the monitoring procedures in more detail, including which CAOs/PCs will be monitored during the current LIHEAP program year, the methodology for selecting client files to review, and the procedures to be performed. At the end of the year, BPE issues the results and performs follow-up procedures to ensure any issues identified are addressed. We focused our audit procedures on the monitoring of client eligibility and the authorization of **CASH** and **CRISIS** benefits.

The contractor monitors each CAO/PC at least every three years, but annually monitors the 12 LIHEAP processing locations that process the most applications during the previous program year. For the 2021-22 LIHEAP program year, the contracted vendor performed targeted **CASH** and **CRISIS** file reviews for the following 40 CAOs/PCs:

- 28 CAOs
- 8 Statewide PCs
- 2 Regional PCs
- 2 **CRISIS** contractors

At each CAO/PC monitoring visit, the contractor selected between 25 and 75 client files to review based on the volume of applications processed during the previous program year. In total, the contractor reviewed approximately 2,500 client application files targeted using specific characteristics that indicate a higher risk that a benefit payment may be improper or erroneous.³⁰

CAO/PC supervisors use similar targeted selection criteria to perform a required number of client application file reviews at their offices. This process is independent of the vendor's client file review. As part of DHS' monitoring plan developed prior to each LIHEAP program year, it determines the minimum number of client files that the CAO/PC supervisors must review based on the previous year's monitoring results. The monitoring contractor verifies that CAO/PC supervisors complete the required client reviews as part of its procedures.

²⁸ 42 U.S.C. §§ 8621-8630. *See specifically*, 42 U.S.C. § 8624(b)(10), as amended; <https://www.acf.hhs.gov/ocs/law-regulation/liheap-statute-and-regulations> (accessed March 13, 2024).

²⁹ *See* additional details about DHS' monitoring process in the *Introduction and Background* section of this audit report.

³⁰ *Ibid.*

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As part of our audit procedures, we judgmentally selected 6 CAOs and 1 PC from the 40 CAOs/PCs monitored by the contractor.³¹ We used the seven selected CAOs/PC for our review of both the contractor's and DHS' monitoring processes and reviewed the 2021-22 monitoring plan, year-end report, and resolution documentation for the issues identified. We found that DHS and its contractor completed the monitoring process as planned, adequately performed procedures to satisfy the monitoring objectives, and sufficiently documented the work.

In addition to reviewing the overall monitoring process, we also reviewed 42 specific client application file reviews, which included 21 contractor reviews and 21 reviews completed by the CAO/PC supervisors.³² From a total of 90 payments associated with the 42 application files reviewed, the contractor and CAO/PC supervisors reviewed 31 and 25 payments, respectively. We verified the contractor and CAO/PC supervisors' monitoring results for these 56 benefit payments were accurate, which included their determinations that the clients were eligible or ineligible and the benefit payments were correct or incorrect.

We also verified the vendor issued a report to the CAOs/PCs that summarized the results of its monitoring visits. Although similar reports are not prepared for the CAO/PC supervisors' reviews because they perform monitoring procedures throughout the program year as time permits, their monitoring results are recorded in the DHS monitoring tracking system. We used DHS-provided system reports to confirm completion of the CAO/PC reviews.

Recommendations for Finding

We recommend that the Pennsylvania Department of Human Services:

1. Ensure system maintenance updates do not disable controls that are designed to prevent improper LIHEAP benefit payments, or alter processes used to determine eligibility by enhancing pre-installation testing of routine maintenance updates.
2. Develop detailed procedures to determine the magnitude of payments impacted by identified system errors to fully diagnose and correct issues as timely as possible to ensure proper benefit payments are authorized.

³¹ We selected the CAOs and PC using auditor's judgment to ensure geographic coverage of the state and various sizes of CAOs/PCs based on the number of LIHEAP applications processed for the prior program year, as categorized by DHS.

³² We judgmentally selected 3 contractor reviews from each of the 7 selected CAOs/PC, totaling 21 reviews, to ensure a mixture of CASH and CRISIS payments the contractor determined correct and incorrect. We also used auditor's judgment to select 3 CAO/PC supervisors' reviews from each of the 7 selected CAOs/PC, totaling 21 reviews, to ensure coverage of the 2021-22 program year.

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3. Require caseworkers to obtain actual energy supplier charges before authorizing additional **CRISIS** payments and reinforce LIHEAP policies through caseworker training to ensure compliance.

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Status of Prior Audit Finding

Our prior performance audit of the Low-Income Home Energy Assistance Program (LIHEAP) administered by the Pennsylvania Department of Human Services (DHS), dated June 14, 2018, covered the period July 1, 2015, through June 30, 2016, and contained one finding with three recommendations. We present the status of the prior audit finding and recommendations in the section below.

Prior Audit Finding 1 – The monitoring of LIHEAP by DHS appears to be effective, but improvements in determining the proper benefit amounts are needed. (Partially Resolved)

During our prior audit, we found that DHS’ monitoring of applicant eligibility, payment authorizations, and energy providers appeared to be effective. However, we found needed improvements when determining proper benefit amounts during the application process. We identified processing errors for 25 of 137 payments that resulted in improper LIHEAP payments, which included multiple cash payments to the same household, inaccurate household size, duplicate cash and crisis payments to the same individual, incorrect Social Security numbers, and total crisis payments exceeding the maximum allowed. These errors resulted in more than \$6,000 in overpayments to LIHEAP applicants. DHS did not attempt to recoup the overpayments because they were attributed to caseworker error. DHS agreed with our finding.

We recommended that DHS consider strengthening its policy for supervisory review procedures at the County Assistance Office (CAO) level and evaluate possible enhancements to its computer systems to reduce the potential for errors, especially related to issuing multiple benefits to the same address (household). We also recommended DHS reinforce certain LIHEAP application processing topics within the DHS and CAO staff training sessions. Specifically, these training sessions should discuss:

- Determination of household size/composition
- Verification of Social Security numbers
- Identification of potential multiple cash payments to the same individual or the same address (household)
- Cancellation of payments

Status as of this audit for Prior Audit Finding 1

Our current performance audit of DHS’ administration of LIHEAP for the one-year period of July 1, 2021, through June 30, 2022, found that DHS authorized improper LIHEAP benefit

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payments due to computer system errors and caseworker application processing inaccuracies. However, we did find that DHS' monitoring of applicant eligibility and benefit authorizations appears to be comprehensive and effective.

In response to our inquiries, DHS management stated that it considered strengthening its pre-approval supervisory review policy but determined that it could not do so due to the volume of LIHEAP applications received annually. We also found that DHS evaluated its computer system for potential improvements and implemented changes that would strengthen controls aimed at identifying applicants with duplicate addresses. Finally, we verified that DHS provided training to LIHEAP staff covering all recommended topics.

Despite DHS' efforts, the finding is considered only **partially resolved**. Given our current audit results finding improper LIHEAP benefit payments due to system errors and case worker errors, we make further recommendations to DHS. See the *Finding* in this report where we present the detailed results of our current evaluation along with our recommendations.

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Department of Human Services' Response and Auditor's Conclusion

We provided copies of our draft audit findings and status of prior findings and related recommendations to the Department of Human Services (DHS) for its review. On the pages that follow, we included DHS' response in its entirety. Following the agency's response is our auditor's conclusion.

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Department of Human Services Low-Income Home Energy Assistance Program

Audit Response from the Department of Human Services



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF HUMAN SERVICES

June 5, 2024

The Honorable Timothy L. DeFoor
Auditor General
Department of the Auditor General
229 Finance Building
Harrisburg, Pennsylvania 17120

Dear Mr. DeFoor:

Thank you for providing the draft background section and draft finding of the audit report titled Department of Human Services Energy Conservation and Assistance Program (LIHEAP).

The finding and three recommendations along with the Department of Human Services' (DHS') response are listed below:

Finding 1: DHS system errors and application processing mistakes caused improper LIHEAP benefit payments.

DHS Response: DHS agrees with this finding. System failures, which have since been resolved, occurred on three occasions, leading to five errors during the audit period. Regarding the remainder of the errors, DHS' quality evaluators will continue reviewing for those errors and will reinforce correct processes with caseworkers.

Recommendations for Finding 1:

We recommend that DHS:

1. Ensure system maintenance updates do not disable controls that are designed to prevent improper LIHEAP benefit payments, or alter processes used to determine eligibility by enhancing pre-installation testing of routine maintenance updates.
2. Develop detailed procedures to determine the magnitude of payments impacted by identified system errors to fully diagnose and correct issues as timely as possible to ensure proper benefit payments are authorized.
3. Require caseworkers to obtain actual energy supplier charges before authorizing additional crisis payments and reinforce LIHEAP policies through caseworker training to ensure compliance.

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The Honorable Timothy L. DeFoor

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DHS Response to Recommendation 1: DHS will review and enhance the system testing procedures to ensure the controls are not erroneously disabled in future system development life cycles. DHS will add regression testing scenarios to avoid deficiencies of this nature.

DHS Response to Recommendation 2: Benefit issuance reviews are a normal part of the County Assistance Offices' (CAOs') process for authorizing LIHEAP benefits. When an issue related to benefit issuance is identified, the CAO reports it through DHS' information technology system, known as ServiceNow. DHS researches all reported issues and tracks them for potential system deficiencies. If a deficiency is identified, a system bug is created and the issue is communicated to CAO staff by Daily Status or Emergency Messaging System postings.

DHS Response for Recommendation 3: DHS will detail this process in the LIHEAP User Manual and will reinforce procedures relating to authorizing multiple crisis approvals on the same case through annual training that will occur prior to the 2024-2025 LIHEAP season.

Thank you for the opportunity to respond to this draft audit report. Please contact Mr. David R. Bryan, Manager, Audit Resolution Section, Bureau of Financial Operations at (717) 783-7217, or via email at davbryan@pa.gov if you have any questions regarding this matter.

Sincerely,



Stephanie Shell
Deputy Secretary for Administration

c: Ms. Janet B. Ciccocioppo, Department of the Auditor General
Mr. Gordon R. Denlinger, Department of the Auditor General
Mr. Scott D. King, Department of the Auditor General
Mr. Mark Molnar, Department of the Auditor General
Mr. David R. Bryan, Bureau of Financial Operations, Audit Resolution Section

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Auditor's Conclusion to the Department of Human Services' Response

The Department of Human Services' (DHS) management agrees with our finding and states it will implement two of our three recommendations. DHS provided responses that outline its plan to enhance system testing procedures to ensure that controls are not inadvertently disabled during routine system maintenance, and address crisis overpayments by detailing the process for authorizing multiple crisis payments in the LIHEAP User Manual, as well as reinforce procedures in annual training prior to the 2024-25 LIHEAP season. However, DHS' response to Recommendation 2 does not describe plans to implement new procedures to determine the magnitude of payments impacted by identified system errors. We encourage DHS to reconsider the advantages of this recommendation and develop procedures accordingly.

We commend DHS for addressing these issues. Additional follow up will occur during the next mandated audit of LIHEAP to determine whether and to what extent our recommendations have been implemented.

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Department of Human Services Low-Income Home Energy Assistance Program

Appendix A

Objectives, Scope, Methodology, and Data Reliability

The Department of the Auditor General conducted this performance audit to assess the administration of the Low-Income Home Energy Assistance Program (LIHEAP) administered by the Pennsylvania Department of Human Services (DHS).

We conducted this performance audit pursuant to Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402 and 403, and Section 3016.1 of the Energy Conservation and Assistance Act, 62 P.S. § 3016.1 (added by Act 164 of 2012).³³ This performance audit was also conducted in accordance with generally accepted *Government Auditing Standards*, issued by the Comptroller General of the United States.³⁴ 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 our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

Our performance audit included the following two objectives:

1. Evaluate whether DHS properly determined eligibility for LIHEAP applicants and authorized correct cash and crisis benefits. [*See Finding*]
2. Evaluate the adequacy of DHS' LIHEAP monitoring plan designed to ensure the accuracy of eligibility determinations and authorization of LIHEAP benefits according to applicable laws, regulations, policies, and related guidance documents. [*See Finding*]

We also conducted procedures to determine whether DHS implemented our prior LIHEAP performance audit's recommendations included in the finding from the report issued in July 2018 (*See Status of Prior Audit Finding*).

³³ Section 3016.1 (relating to Powers and duties of Auditor General) of the act, 62 P.S. § 3016.1 (added by Act 164). Pursuant to Section 3016.1(c) of the act, a copy of this audit report must be published as a notice in the *Pennsylvania Bulletin*. See 62 P.S. § 3016.1(c).

³⁴ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021.

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Scope

The LIHEAP performance audit covered the period July 1, 2021, through June 30, 2022, with updates where applicable through the end of our audit procedures.

DHS management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance of compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures related to its programs. In conducting our audit, we obtained an understanding of DHS' internal controls, including information systems controls.

Standards for Internal Control in the Federal Government (also known as and hereafter referred to as the Green Book), issued by the Comptroller General of the United States, provides a framework for management to establish and maintain an effective internal control system.³⁵ We used the framework included in the Green Book when assessing DHS' internal control system.

The Green Book's standards are organized into five components of internal control. In an effective system of internal control, these five components work together in an integrated manner to help an entity achieve its objectives. The five components contain 17 related principles, listed in the tables below, which are the requirements an entity should follow in establishing an effective system of internal control.

We determined all of the internal control components are significant to the audit objectives for this audit. The table below represents a summary of the level of the internal control assessment for effectiveness of design (D); implementation (I); or operating effectiveness (OE) that we performed for each principle along with a conclusion regarding whether issues were found with the principles and if those issues are included in a finding.³⁶

³⁵ Even though the Green Book was written for the federal government, it explicitly states that it may also be adopted by state, local, and quasi-government entities, as well as not-for-profit organizations, as a framework for establishing and maintaining an effective internal control system.

³⁶ U.S. Government Accountability Office. *Standards for Internal Control in the Federal Government*. September 2014. The Green Book, Sections OV3.05 and 3.06, states the following regarding the level of assessment of internal controls. Evaluating the design of internal control includes determining if controls individually and in combination with other controls are capable of achieving an objective and addressing related risks. Evaluating implementation includes determining if the control exists and if the entity has placed the control into operation. Evaluating operating effectiveness includes determining if controls were applied at relevant times during the audit period, the consistency with which they were applied, and by whom or by what means they were applied.

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Component		Principle	Level of Assessment	Objective	Conclusion
Control Environment	1	The oversight body and management should demonstrate a commitment to integrity and ethical values.	D	1, 2	No issues noted
	2	The oversight body should oversee the entity's internal control system.	D	1, 2	No issues noted
	3	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.	D	1, 2	No issues noted
	4	Management should demonstrate a commitment to recruit, develop, and retain competent individuals.	D	1, 2	No issues noted
	5	Management should evaluate performance and hold individuals accountable for their internal control responsibilities.	D	1, 2	No issues noted
Risk Assessment	6	Management should define objectives clearly to enable the identification of risks and define risk tolerances.	D	1, 2	No issues noted
	7	Management should identify, analyze, and respond to risks related to achieving the defined objectives.	D	1, 2	No issues noted

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Component	Principle	Level of Assessment	Objective	Conclusion	
	8	Management should consider the potential for fraud when identifying, analyzing, and responding to risks.	D	1, 2	No issues noted
	9	Management should identify, analyze, and respond to significant changes that could impact the internal control system.	D	1, 2	No issues noted
Control Activities	10	Management should design control activities to achieve objectives and respond to risks.	D, I, OE	1	See <i>Finding</i>
			D, I, OE	2	No issues noted
	11	Management should design the entity's information system and related control activities to achieve objectives and respond to risks.	D, I	1	See <i>Finding</i>
			D	2	No issues noted
Information and Communication	12	Management should implement control activities through policies.	D, I, OE	1	See <i>Finding</i>
			D, I, OE	2	No issues noted
	13	Management should use quality information to achieve the entity's objectives.	D, I, OE	1	See <i>Finding</i>
			D, I, OE	2	No issues noted
	14	Management should internally communicate the necessary quality information to achieve the entity's objectives.	D, I, OE	1, 2	No issues noted
	15	Management should externally communicate the necessary quality information to achieve the entity's objectives	D	1, 2	No issues noted
Monitoring	16	Management should establish and operate	D	1, 2	No issues noted

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Component	Principle	Level of Assessment	Objective	Conclusion
	monitoring activities to monitor the internal control system and evaluate results.			
	17 Management should remediate identified internal control deficiencies on a timely basis.	D	1, 2	No issues noted

Generally accepted *Government Auditing Standards* require that we consider information systems controls "...to obtain sufficient, appropriate evidence to support the audit findings and conclusions."³⁷ This process further involves determining whether the data that supports the audit objectives is reliable. In addition, Publication GAO-20-283G, *Assessing Data Reliability*, provides guidance for evaluating data using various tests of sufficiency and appropriateness when the data are integral to the audit objective(s).³⁸ See our assessment in the *Data Reliability* section that follows.

Our procedures to assess the design, implementation, and/or operating effectiveness accordingly are discussed in the *Methodology* section that follows. Deficiencies in internal controls we identified during the conduct of our audit and determined to be significant within the context of our audit objectives are summarized in the conclusion section below and described in detail within the audit finding in this report. See the table above for descriptions of each of the principle numbers included in the conclusions below.

Conclusion for Objective 1:

Our assessment of management's internal controls did not note any issues for Principles 1-9 and 14-17; however, we found issues regarding Principles 10-13. This included the issues with updates to DHS' Electronic Client Information System (eCIS) by the DHS maintenance contractor which caused eCIS controls to be overridden which were in place to stop multiple payments to households from occurring. This issue is described in detail in the *Finding* of this report.

³⁷ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revision. Technical Update April 2021. Paragraph 8.59 through 8.67.

³⁸ U.S. Government Accountability Office. *Assessing Data Reliability*. December 2019.

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Conclusion for Objective 2:

Our assessment of DHS management's internal controls found no issues associated with the 17 Principles as noted in the table above.

Methodology

The following procedures were performed to address the audit objectives. Items selected for testing were based on auditor's professional judgment. The results of our testing, therefore, cannot be projected to, and are not representative of, the corresponding populations.

To satisfy our audit objectives, we performed the following procedures:

- Obtained an understanding of DHS's organizational structure by reviewing organizational charts and information published on its website, and from interviews with LIHEAP management. [Principles 1, 2, 3]
- Reviewed the DHS Enterprise Risk Management Report for the period July 1, 2021, to June 30, 2022, completed in accordance with Management Directive 325.12, Standards for Internal Controls in Commonwealth of Pennsylvania Agencies (amended), to determine what controls DHS designed to establish an effective internal control system that address each of the 17 principles within the five components of internal control. [All Principles]
- Identified the following laws, regulations, contracts, grant agreements, and LIHEAP policies and procedures to identify potential criteria needed to evaluate the audit objective. [Principles 3, 6, 7, 9-17]
 - Low-Income Home Energy Assistance Act of 1981, as amended through August 1, 1999, is the federal statute.³⁹ It was amended in 2005 by Subtitle B of the Energy Policy Act of 2005 (Public Law 109-58) which reauthorized LIHEAP.⁴⁰
 - Code of Federal Regulations, 45 CFR PART 96⁴¹
 - The state Energy Conservation and Assistance Act⁴²
 - LIHEAP Fiscal Year 2022 Final State Plan
 - LIHEAP Handbook

³⁹ LIHEAP Statute and Regulations, <https://www.acf.hhs.gov/ocs/law-regulation/liheap-statute-and-regulations> (accessed May 2, 2024).

⁴⁰ Energy Policy Act of 2005, Public Law 109-58, E:\PUBL<https://www.govinfo.gov/content/pkg/PLAW-109publ58/pdf/PLAW-109publ58.pdf>AW\PUBL058.109 (govinfo.gov) (accessed May 2, 2024).

⁴¹ [45 CFR PART 96 \(Block Grants\)](#).

⁴² Act 122 of 1986, <https://www.legis.state.pa.us/cfdocs/les/li/uconsCheck.cfm?yr=1986&sessInd=0&act=122> (accessed May 2, 2024).

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Department of Human Services Low-Income Home Energy Assistance Program

- LIHEAP Monitoring Planning Document for the 2021-2022 Fiscal Year
- eCIS Guide

Objective 1:

- Obtained a data file from DHS of 986,302 LIHEAP transactions totaling \$320,244,061, processed between July 1, 2021, and June 30, 2022, from eCIS and reconciled it with the Status of Appropriations and the Schedule of Expenditures of Federal Awards (SEFA) on the Commonwealth's accounting system (SAP).
- Created data reports of LIHEAP transactions with a high risk of being inaccurate/improper based on data analytics performed, which included cash and crisis benefit payments to households with income over \$60,180, cash benefit payments to households that exceeded the \$1,500 maximum, crisis benefit payments to household that cumulatively exceed the \$1,200 heating season maximum, multiple cash payments to same Social Security Number, multiple cash payments to same address, and benefits paid to households with out of state addresses.
- Judgmentally selected 36 applications involving 40 LIHEAP payments from the data reports that ensured geographic coverage of the state and targeted payments with specific characteristics that indicate a higher risk of potential incorrect/improper payments. Among these were applicants with high income, total cash and crisis payments exceeding the maximum benefit amount of \$1,500 and \$1,200 respectively, and multiple cash payments to an applicant or address. We also randomly selected 10 applications involving 10 payments for a total of 46 applications involving 50 payments.⁴³
- Requested DHS provide read-only access to eCIS.
- Documented an understanding of information technology general controls and data entry controls over eCIS, which included reviewing the eCIS System and Organization Control (SOC) report and the most recent Peer Review Acceptance Letter for the company that conducted the review and provided the opinion. [Principle 11]
- For the total selected 46 applications involving 50 payments, we reviewed the LIHEAP applications and other source documents maintained within eCIS and performed the following:
 - Verified applications were properly completed, including being signed by the participants. [Principles 10, 12-14]

⁴³ See additional details about the 50 payments selected at *Appendix B*.

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- Confirmed applications were approved by the County Assistance Offices' and LIHEAP Processing Centers' (CAOs'/PCs') caseworkers. [Principles 10, 12-14]
- Ensured applicants' household income was below 150 percent of the Federal Poverty Income Guidelines as published on January 13, 2021, by the Department of Health and Human Services.
- Verified applicants' household was responsible for paying for its main source of heat, either directly to an energy provider or indirectly as an undesignated part of rent.
- Ensured applicants' household permanently lived in Pennsylvania.
- For cash benefits: Recalculated benefit payments to determine they were proper using the benefit chart for the appropriate county, income level, fuel type, and number of household members.
- For crisis benefits: Ensured that (1) a home-heating crisis existed (household was out of fuel, would have run out of fuel within 15 days, utility service had stopped, or received a notice that its utility service would be shut off within 60 days); (2) CAOs/PCs approved only the amount needed to keep the utility service from being shut off or to start the utility service again, the amount of fuel needed to fill the fuel tank, subject to the maximum crisis benefit amount of \$1,200 in FY22; (3) CAOs/PCs contacted the energy provider within 48 hours (or 18 hours if someone's life was at risk) to make arrangements that resolved the crisis prior to the utility being shut off/running out of fuel.
- Confirmed the reasonableness of DHS explanations with supporting documents for all improper benefit payments identified. [Principles 10-14]
- Created additional data reports of LIHEAP transactions having similar characteristics as the improper payments found among the 50 payments selected above, to identify the population of potentially improper payments processed during the audit period.
- Confirmed application received dates in eCIS comments and scanned images were on or prior to the LIHEAP season closed date of June 17, 2022, for 15 payment records from the data file having application received dates of June 29 and 30, 2022. [Principles 10-14]

Objective 2:

- Interviewed DHS management to gain an understanding of its LIHEAP monitoring processes and reviewed monitoring documentation. [Principles 3, 5, 10, 12-14]

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Department of Human Services Low-Income Home Energy Assistance Program

- Reviewed the DHS monitoring plan for the 2021-22 LIHEAP year to identify monitoring plan details for the audit period. [Principles 10, 12-14]
- Identified the monitoring activities conducted during the 2021-22 LIHEAP year as presented in the DHS year-end Report on Results and Observations Relating to Monitoring Activities for LIHEAP During the 2021-22 Program (monitoring compilation report). [Principles 13, 14]
- Judgmentally selected 7 of 40 CAOs/PCs from the DHS monitoring Service Tracker spreadsheet that DHS' contractor monitored during the period July 1, 2021, through June 30, 2022, based on volume of LIHEAP applications processed and geographic location to ensure coverage of the state.
- For the seven selected CAOs/PCs, we reviewed DHS and contractor monitoring documents as described below:
 - Reviewed closing/exit conference meeting documents, rebuttal/response letter, and final report for completeness, adequacy, and sufficient documentation. [Principles 10, 12-14]
 - Verified that CAOs/PCs submitted an error prevention plan during our audit period, when necessary to address identified issues, and DHS approved it. [Principles 10, 12-14]
 - Ensured the accuracy of DHS' monitoring tracking process by tracing the individual contractor monitoring reviews to the 2021-2022 Monitoring Final Report and the Service Tracker spreadsheet to confirm agreement. [Principles 10, 12-14]
 - Confirmed that CAOs'/PCs' supervisors completed the assigned number of case reviews by comparing the DHS monitoring plan to the Rushmore Compliance Report obtained from DHS. [Principles 10, 12-14]
 - Judgmentally selected three applications from the lists of reviewed applications included in the DHS contractor's monitoring reports or CAO/PC monitoring final reports for each of the seven selected CAOs/PCs, to ensure coverage of the audit period. As a result, we compiled a total of 21 applications reviewed by the contractor, and 21 applications reviewed by CAO/PC supervisors.
- For the seven selected CAOs/PCs, we reviewed the 21 LIHEAP applications (45 payments), and other source documents in eCIS relating to the applications reviewed by the monitoring contractor for the 2021-22 LIHEAP heating season. The monitoring contractor reviewed 31 of the 45 payments, for which we performed the following:

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- Verified applications were properly completed, including being signed by the participants. [Principles 10, 12-14]
- Confirmed applications were approved by the CAOs'/PCs' caseworkers. [Principles 10, 12-14]
- Ensured applicants' household income was below 150 percent of the Federal Poverty Income Guidelines as published on January 13, 2021, by the Department of Health and Human Services.
- Verified applicants' household was responsible for paying for its main source of heat, either directly to an energy provider or indirectly as an undesignated part of rent.
- Ensured applicants' household permanently lived in Pennsylvania.
- For cash benefits: Recalculated benefit payments to determine they were proper using the benefit chart for the appropriate county, income level, fuel type, and number of household members.
- For crisis benefits: Ensured that (1) a home-heating crisis existed (household was out of fuel, would have run out of fuel within 15 days, utility service had stopped, or received a notice that its utility service would be shut off within 60 days); (2) CAOs/PCs approved only the amount needed to keep the utility service from being shut off or to start the utility service again, the amount of fuel needed to fill the fuel tank, subject to the maximum crisis benefit amount of \$1,200 in FY22; (3) CAOs/PCs contacted the energy provider within 48 hours (or 18 hours if someone's life was at risk) to make arrangements that resolved the crisis prior to the utility being shut off/running out of fuel.
- Confirmed agreement between the monitoring results documented and our determination based on the procedures above for the 31 payments. [Principles 10, 12-14]
- Verified that the contractor completed a final comprehensive report on the monitoring activities and findings statewide and submitted the report to DHS after concluding the execution of the monitoring plan. [Principles 10, 12-14]
- For the seven selected CAOs/PCs, we reviewed the 21 LIHEAP applications (45 payments), and other source documents in eCIS relating to the applications reviewed by the CAO/PC supervisors for the 2021-22 LIHEAP heating season. The CAO/PC supervisors reviewed 25 of the 45 payments, for which we performed the following:

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- Verified applications were properly completed, including being signed by the participants. [Principles 10, 12-14]
- Confirmed applications were approved by the CAOs'/PCs') caseworkers. [Principles 10, 12-14]
- Ensured applicants' household income was below 150 percent of the Federal Poverty Income Guidelines as published on January 13, 2021, by the Department of Health and Human Services.
- Verified applicants' household was responsible for paying for its main source of heat, either directly to an energy provider or indirectly as an undesignated part of rent.
- Ensured applicants' household permanently lived in Pennsylvania.
- For cash benefits: Recalculated benefit payments to determine they were proper using the benefit chart for the appropriate county, income level, fuel type, and number of household members.
- For crisis benefits: Ensured that (1) a home-heating crisis existed (household was out of fuel, would have run out of fuel within 15 days, utility service had stopped, or received a notice that its utility service would be shut off within 60 days); (2) CAOs/PCs approved only the amount needed to keep the utility service from being shut off or to start the utility service again, the amount of fuel needed to fill the fuel tank, subject to the maximum crisis benefit amount of \$1,200 in FY22; (3) CAOs/PCs contacted the energy provider within 48 hours (or 18 hours if someone's life was at risk) to make arrangements that resolved the crisis prior to the utility being shut off/running out of fuel.
- Confirmed agreement between the monitoring results documented and our determination based on the procedures above for the 25 payments. [Principles 10, 12-14]
- Reviewed the Commonwealth's Single Audit report for the fiscal year ended June 30, 2021, the latest year when LIHEAP was audited as a major program, and determined no findings were reported. We also reviewed the Department of the Auditor General's External Peer Review report to ensure compliance with generally accepted *Government Auditing Standards* regarding auditor independence and competency of the Single Audit team.

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To address the *Status of Prior Audit Finding*, we performed the following procedures:

- Reviewed the audit finding and recommendations from the prior performance audit of LIHEAP, dated July 2018, to gain an understanding of the prior audit results.
- Inquired with DHS management about actions taken to resolve the issues from the prior audit finding.
- Evaluated documentation and performed procedures to determine whether sufficient and appropriate actions were taken to implement the prior audit recommendations.

Data Reliability

Generally accepted *Government Auditing Standards* requires us to assess the sufficiency and appropriateness of computer-processed information that we used to support our findings, conclusions, and/or recommendations. The assessment of the sufficiency and appropriateness of computer-processed information includes considerations regarding the completeness and accuracy of the data for the intended purposes.⁴⁴

In addition to the procedures described in the remainder of this section, as part of our overall process in obtaining assurance of the reliability of computer-processed information and data files, we obtained a management representation letter from DHS. This letter, signed by DHS management, included a confirmation statement indicating the information and data provided to us had not been altered and was a complete and accurate duplication of the data from its original source.

In performing this audit, we used information from eCIS for the period July 1, 2021, through June 30, 2022. We also reviewed the Rushmore Compliance Report and 2021-22 Service Tracker, which DHS uses for oversight of the monitoring process.

To assess the completeness and accuracy of the data in the eCIS, we conducted audit procedures as follows:

- Interviewed DHS management and staff to gain an understanding of eCIS and the information system controls to consider how it may impact our audit objectives.
- Documented an understanding of information system controls.

⁴⁴ U.S. Government Accountability Office. *Government Auditing Standards*. 2018 Revisions. Technical Update April 2021. Paragraph 8.98.

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- Reconciled the total LIHEAP payments in the eCIS data file to the Status of Appropriations and the SEFA on SAP, which is an independent source that is evaluated as part of the annual audit of the Commonwealth's Annual Comprehensive Financial Report and Single Audits. These annual audits are conducted jointly by the Department of the Auditor General and a CPA firm.
- For the combined total of 140 payments selected for review as described in the *Methodology* section, tested, we traced data in eCIS to source documents, such as LIHEAP application, heating bills, etc.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with generally accepted *Government Auditing Standards*, we concluded the eCIS data to be sufficiently reliable regarding completeness and accuracy for the purposes of our engagement.

To assess the completeness and accuracy of the Rushmore Compliance Report, we conducted audit procedures as follows:

- Interviewed DHS management and staff responsible for overseeing the LIHEAP monitoring process to gain an understanding of the Rushmore case management system reports and how they are used within the monitoring process.
- Traced the number of completed CAOs/PCs supervisors' monitoring reviews shown on the Rushmore Compliance Report to the DHS monitoring planning document for a judgmental selection of 11 of 67 counties. The selection of counties was made to ensure coverage throughout the state.
- Agreed Rushmore reports showing the individual cases monitored for selected CAOs/PCs to the totals listed on the Rushmore Compliance Report.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with generally accepted *Government Auditing Standards*, we concluded DHS' Rushmore Compliance Report to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

To assess the completeness and accuracy of DHS' 2021-22 Service Tracker, we conducted audit procedures as follows:

- Interviewed DHS management and staff responsible for contractor oversight to gain an understanding of the report and how it is used within the monitoring process.

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- Traced all the CAOs/PCs monitored to the planning document and final monitoring report issued by the contractor to ensure that the planned CAOs/PCs were monitored.
- For the seven CAOs/PCs selected for review is described in the *Methodology* section, we traced data from the Service Tracker to source documents, including the individual monitoring reports sent to the CAOs/PCs, the rebuttals from the CAOs/PCs, and the final report issued by the contractor.

Based on the above procedures, we found no limitations with using the data for our intended purposes. In accordance with generally accepted *Government Auditing Standards*, we concluded DHS' 2021-22 Service Tracker to be sufficiently reliable regarding completeness and accuracy for the purposes of this engagement.

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Appendix B

LIHEAP Records Selection and Improper Payments

The table below presents the methodology used to select 50 Low-Income Home Energy Assistance Program (LIHEAP) records from the Pennsylvania Department of Human Services' (DHS') data file, which contained 986,302 records totaling more than \$320 million of authorized benefit payments. We reviewed the selected records to evaluate whether DHS properly determined eligibility for LIHEAP applicants and authorized correct **CASH** or **CRISIS** benefits.⁴⁵ The last two columns summarize the seven improper payments we found from each targeted selection criteria population.

Using data analytics software, we judgmentally selected 40 payments based on an analysis of DHS data using individuals' Social Security numbers (SSNs), case record numbers (CRNs), addresses, and targeted criteria as shown in the following table to identify payments considered to have a higher risk of error.⁴⁶ We also reviewed 10 randomly selected payments from the total population of **CASH** and **CRISIS** records.

⁴⁵ See additional information about our selection of transactions in the *Finding* and *Appendix A*.

⁴⁶ Case Record Numbers (CRNs) are assigned automatically by the electronic Client Information System (eCIS).

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LIHEAP Records Selection Criteria and Improper Payments Summary

No.	Targeted Selection Criteria	Records	Selected Items		Improper Payments Summary	
			Applications	Payments	Improper Payments	Dollars (Cause)
1	CASH Payment with Household Income > \$60,180 ⁴⁷	78	2	2	0	-
	CRISIS Payment with Household Income > \$60,180	49	6	6	0	-
2	Total CASH Payments Exceeding \$1,500 Maximum per CRN	26	6	6	1	\$1,091 (System Error)
3	Total CRISIS Payments Exceeding \$1,200 Maximum per CRN	11	2	6	2	\$281 (Caseworker Errors)
4	Multiple CASH Payments to a Recipient per SSN	1,515	8	8	4	\$4,541 (System Error)
5	Multiple CASH Payments to an Address	5,575	6	6	0	-
6	Out of State Addresses	5,349	6	6	0	-
		Subtotal	36	40	7	\$5,913
	Random Selection Criteria					
7	CASH	790,997	8	8	0	-
	CRISIS	195,305	2	2	0	-
		Subtotal	10	10	0	\$0
		TOTAL	46	50	7	\$5,913

Source: Compiled by Department of the Auditor General staff using the DHS data file of LIHEAP records.

The following describes the results of our review procedures for the selected records reviewed for each selection criteria listed in the table above:

1. The table shows that the two **CASH** and six **CRISIS** payments selected for review from applicants showing **Household Income over \$60,180**, were correctly determined eligible and awarded the appropriate benefit amounts. We found that a system error caused incorrect household income amounts to be calculated and recorded in eCIS.⁴⁸ The caseworker detected the error, confirmed the correct household income, and authorized the correct benefit amount for all eight selected records.
2. We reviewed six **CASH payments exceeding the \$1,500 Maximum per Case Record Number**. Applicants may only receive one **CASH** benefit payment up to a maximum of

⁴⁷ Commonwealth of Pennsylvania Low-Income Home Energy Assistance Program, Fiscal Year 2022 State Plan. We judgmentally selected \$60,180 as our targeted income from the Federal Poverty Income Guideline's income limit for a household of 7 to qualify for LIHEAP **CASH** and **CRISIS** benefits in LIHEAP 2021-22 program year.

⁴⁸ See additional information about the system error in the *Finding*.

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\$1,500 during the LIHEAP program year. These payments involved three applicants who received two payments each. When both payments were added together, they exceeded the \$1,500 maximum. We found that although DHS authorized the first payments for two of the applicants after July 1, 2021, those payments were associated with the prior LIHEAP program year and delayed due to appeals. Consequently, the applicants only received one **CASH** benefit for the 2021-22 LIHEAP program year, which did not exceed the \$1,500 maximum and were correct. For the two **CASH** payments to the third applicant, we found that the second payment was improper due to an eCIS error.⁴⁹

3. We reviewed six **CRISIS payments exceeding the \$1,200 Maximum per Case Record Number**. The six payments involved the Case Record Numbers for two applicants who each received three **CRISIS** payments, which when added together exceeded \$1,200. In each case, the third payment caused each respective applicant to exceed the \$1,200 maximum, as the two improper payments listed in the above table indicates. The improper payments resulted from caseworker errors made as they processed the applicants request for their third **CRISIS** benefit during the 2021-22 LIHEAP program year.⁵⁰
4. We reviewed eight payments as **Multiple CASH Payments to a Recipient per SSN**. Applicants may only receive one **CASH** payment per LIHEAP program year. The four improper payments shown in the table were improper second payments received by four different applicants. We determined that an eCIS error as noted in #2 above caused these improper payments.⁵¹
5. We reviewed six payments as **Multiple CASH Payments to an Address**. We found that the address for four of the payments was a woman's shelter that provides a safe haven for survivors of domestic violence and human trafficking which were properly authorized payments. We found that the other two payments were also proper because the same address applied to two different mobile homes located on one property but having separate fuel tanks and fuel supplier accounts.
6. We reviewed six payments for recipients with **Out of State Addresses**. We found that all six had moved out of state after DHS authorized payments during the 2021-22 LIHEAP program year. Their addresses had been subsequently updated in eCIS, which was reflected in the data file. We found that DHS had properly determined their eligibility and properly calculated their benefits for the 2021-22 LIHEAP benefits.
7. We found that the eight **CASH** and two **CRISIS** payments randomly selected for review were properly calculated and authorized.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

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Appendix C

Distribution List

This report was distributed to the following individuals:

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Mr. Alexander Matolyak
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