

ENERGY NEIGHBOR FUND – PROGRESS ENERGY

State Authorization: There are no State laws or rules that govern the program. The program operates between Progress Energy, formerly Carolina Power and Light (CP&L), and the Division of Social Services through an informal agreement.

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

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N. C. DHHS Confirmation Reports:

SFY 2006 audit confirmation reports for payments made to Counties Area Programs, Boards of Education, Councils of Government, District Health Departments, DCD State Level Contractors and HRSA Bioterrorism Grant Subrecipients will be available by around late August to early September at the following web address: <http://www.dhhs.state.nc.us/control/>. At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2005-2006)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2003-2005)”.

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

I. PROGRAM OBJECTIVES

Progress Energy’s Energy Neighbor Program is designed to assist low-income Progress Energy customers in a heating-or cooling related crisis situation.

II. PROGRAM PROCEDURES

Energy Neighbor is funded 100% from monies contributed by Progress Energy, formerly Carolina Power and Light Company (CP&L), customers and employees, and from corporate donations. Allocations are made only to counties that have Progress Energy residential customers. Allocations are determined by Progress Energy and are based on the number of Progress Energy residential customers in each county. Counties spend the money until the funds are exhausted. Funds remaining at the end of the State Fiscal Year are carried forward to the next State Fiscal Year. The maximum benefit limit per application is \$300 with a maximum of \$600 assistance over the State fiscal year. If funds remain at the end of the heating season (November 1-May 31), the money may be used during the cooling season (June 1-Oct 31) for a cooling-related crisis. The maximum cooling assistance is \$300.

The policy is contained in the Energy manual, section 920. The county departments of social services must maintain a copy of the Energy manual. The manual is also accessible via the Internet at <http://info.dhhs.state.nc.us/olm/manuals/dss/>.

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

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

1. Activities Allowed or Unallowed

Compliance Requirement

Funds must be used for Progress Energy residential customers. Payments may be made as a county-issued check to the fuel provider or a two-party check written to both the applicant and the fuel provider. Fans may be purchased through voucher/vendor payments or both.

Funds are not to be used for paying deposits, paying for repairs, or purchase of space heaters. Payments must be made as either a check to the fuel provider or a two-party check written to both the applicant and the fuel provider.

Audit Objective

Ensure funds are used for Progress Energy residential customers only. Ensure funds used only for allowable costs.

Suggested Audit Procedure

Select a sample of expenditures charged to the Energy Neighbor program and verify that they were authorized for allowable activities only. Also, ensure household was a Progress Energy customer.

2. Allowable Costs/Cost Principles

Compliance Requirement

Funds are used for benefits payments only. Funds cannot be used for administration.

Audit Objective

Ensure Energy Neighbor funds are used for benefit payments only.

Suggested Audit Procedure

Select a sample of expenditures charged to the Energy Neighbor program and verify that they were only for allowable costs. Verify that administrative costs were not charged to the program.

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

5. Eligibility

A household’s net income must be at or below 150% of the current poverty level. Section 900 of the Energy manual contains a current poverty level chart. Households must be experiencing a heating or cooling related crisis. Benefits cannot exceed \$300 per application. In addition the total benefit amount for a household cannot exceed \$600 in a State fiscal year. For more detailed information regarding the eligibility guidelines see section 920 of the Energy Manual. Each local department of social services must maintain an Energy Manual.

Compliance Requirement

Households must be at or below 150% of the current poverty level.

Audit Objective

Ensure household is income eligible.

Suggested Audit Procedure

Select a sample of benefit recipients. Verify that household countable net income did not exceed 150% of the current poverty level.

Audit Objective

Ensure household has a heating or cooling crisis and that the benefit levels were not exceeded.

Suggested Audit Procedure

Select a sample of benefit recipients. Verify that a heating or cooling crisis has been documented. Verify that the benefit per application did not exceed \$300. Verify that total benefits during the state fiscal year did not exceed \$600 by researching the county’s client case files.

12. Reporting

Compliance Requirement

The number of households assisted is reported monthly via a memo to the State.

Audit Objective

Ensure the household report is submitted monthly.

Suggested Audit Procedure

View the report to ensure it is completed and submitted timely.

13. Subrecipient Monitoring

Compliance Requirement

County departments of social services may contract with subrecipients to take and process Energy Neighbor applications. Local agencies are responsible for the following (Energy Manual Section 910):

- The county director or his designee is responsible for training the contracting agency's staff.
- The county director or his designee is responsible for maintaining fiscal responsibility for the program.
- The county director or his designee is not allowed to disclose information in case records of any Work First, Food Stamp, Medicaid, Energy, or Service applicant/recipient (a/r) to other agencies.
- The State Office mails all forms, instructions, payment schedules, etc., to county departments. The county director or his designee is responsible for coordinating with the contracting agency.

Audit Objective

Ensure the county department of social services follows policy and procedures for subcontracting as outlined in the Energy Manual.

Suggested Audit Procedure

Determine if the county department of social services subcontracts the taking and/or processing of Energy Neighbor applications.

If it is subcontracted, determine if:

- The county director or his designee provides training for the contracting agency's staff.
- The county director or his designee maintains fiscal responsibility for the program by completing the DSS-1571 for reimbursement.
- The subcontractor does not disclose information in case records of any Work First, Food Stamp, Medicaid, Energy, or Service applicant/recipient (a/r) to other agencies.
- The county director or his designee coordinates with the contracting agency providing the necessary forms, instructions etc to the subcontractor.

14. Special Tests and Provisions

A. Compliance Requirement

A case record must be set up on each household that applies. The record must contain the application (DSS-8178), a copy of the approval or denial notice and any other documents used to determine eligibility. The information may be filed in the Work First; Food Stamp,

Medicaid, or Low Income Energy Assistance Program (LIEAP) records if a tracking system is established to readily locate the Energy Neighbor case.

Audit Objective

Ensure that case records are adequately maintained.

Suggested Audit Procedure

Review the county's case files to ensure a client case file exists for each case approved or denied. Ensure an approval or denial notice is filed in the case record along with adequate documentation to determine eligibility of the household.

B. Compliance Requirement

Households denied assistance or do not receive reasonably prompt assistance must have an opportunity for a hearing. See Energy Manual Section 920 for additional information and required timeframes.

Audit Objective

Ensure hearings are provided in a timely manner.

Suggested Audit Procedures

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