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LOW-INCOME HOME ENERGY ASSISTANCE

State Project/Program:	LOW-INCOME ENERGY ASSISTANCE CRISIS INTERVENTION PROGRAM
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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION FOR CHILDREN AND FAMILIES

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

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

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N. C. DHHS Confirmation Reports:

SFY 2020 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following web address: <https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports> At this site, click on the link entitled "Audit Confirmation Reports (State Fiscal Year 2019-2020)". Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select "[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2018-2020\)](#)".

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.

This compliance supplement should be used in conjunction with the OMB 2020 Compliance Supplement which will be issued in the summer. This includes "Part 3 - Compliance Requirements," for the types that apply, "Part 6 - Internal Control," and "Part 4 - Agency Program" requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The Low Income Energy Assistance Program (LIEAP) and Crisis Intervention Program (CIP) are each components of the Low Income Home Energy Assistance Program (LIHEAP) block grant program in which states (including territories and Indian tribes)

design their own programs within very broad Federal guidelines. The objectives of LIEAP are to help low-income households meet the costs of home energy, defined as heating of residences, and to increase their energy self-sufficiency and reduce their vulnerability resulting from energy needs. The target population is low-income households, especially those with the lowest incomes and the highest home energy costs or needs in relation to income, taking into account family size. Additional target populations are low-income households with members who are age 60 and older, and disabled persons receiving a service through the N. C. Division of Aging and Adult Services. The objective of CIP is to assist low-income households in heating or cooling related crisis situation.

II. PROGRAM PROCEDURES

The Department of Health and Human Services (HHS), Administration for Children and Families (ACF), Office of Community Services administers the LIHEAP program at the Federal level. Funds are obtained by the State in accordance with a pre-defined formula, upon annual submission of an application to the Secretary of Health and Human Services. The Crisis Intervention Program (CIP) is a part of the Low Income Home Energy Assistance Program (LIHEAP) block grant and is administered statewide.

All funding is 100 percent federal dollars with no state matching requirements.

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

Funds for both programs are allocated based on the average number of Food and Nutrition Services households and poverty levels for each county. Counties submit a DSS-1571 for reimbursement of expenditures on a monthly basis.

Applications for LIEAP funds are taken December through March of each year at county departments of social services or another agency if the local department of social services has a contract in place for the agency to take and process LIEAP applications. The State Division of Social Services sets this time frame. LIEAP funds assist low-income households in meeting the costs of home energy, defined as heating of residences, and increase their energy self-sufficiency and reduce their vulnerability resulting from energy needs.

Applications for CIP funds are taken throughout the fiscal year at county departments of social services or another agency if the local department of social services has a contract in place for the agency to take and process CIP applications. CIP funds assist low-income households in a heating or cooling related crisis situation.

Low Income Energy Assistance and Crisis Intervention policy requirements and forms are located in the Energy Programs Manual. The Energy Programs Manual is available via the Internet, entitled "Energy Programs", and can be found at <https://www2.ncdhhs.gov/info/olm/manuals/dss/>. References to "Energy Manual", Low Income Energy Assistance Manual, and Crisis Intervention Manual are synonymous. All eligibility components are verified with the exception of resources unless questionable.

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LIEAP and CIP subrecipients are monitored by the DSS Economic and Family Services staff and DSS Budget Office in accordance to the NC Local County Social Service Agencies Monitoring Plan, found at: [NC Local County Social Service Agencies Monitoring Plan](#).

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

III. COMPLIANCE REQUIREMENTS

The Type of Compliance Requirements can be found in Section B in the link: [2020 Agency Matrix for Federal Programs](#). This matrix incorporates the OMB Compliance Supplement "Part 2 - Matrix of Compliance Requirement." A State Agency may have added a compliance requirement that the OMB matrix in Part 2 has a "N" (Not Applicable).

CROSSCUTTING REQUIREMENTS:

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

A. ACTIVITIES ALLOWED OR UNALLOWED

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

CIP Funds are used to help pay for energy needs, including but not limited to paying an electric or natural gas bill, purchase of heating oil or wood, or other fuel type. Provision of in-kind services or temporary shelter and minor home repairs is also allowed.

Neither LIEAP nor CIP Funds may not be used for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or facility. (P.L. 97-35 Sec. 2609 and Public Law 98-558) (42 U.S.C. 8628) The Weatherization component of the LIHEAP block grant is the responsibility of the N. C. Department of Environmental Quality..

Compliance Requirement

Native Americans in Cumberland, Hoke, Scotland and Robeson counties are served by the Lumbee Tribe of North Carolina and are not eligible for this program. Enrolled Members of the Eastern Band of Cherokee Indian in the 5 county service areas (Cherokee, Graham Haywood, Jackson and Swain) are not eligible for this program. This includes enrolled EBCI members both on and off the Qualla Boundary.

Audit Objective

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

Ensure enrolled Members of the Eastern Band of Cherokee Indians in Cherokee, Graham, Haywood, Jackson and Swain counties, either on or off the Qualla Boundary are not provided benefits through this program and are referred appropriately to the Eastern Band of Cherokee Indians.

Suggested Audit Procedures

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Review county applicant screening procedures in these designated counties to ensure Native Americans are properly referred to the Lumbee Tribe or the Eastern Band of Cherokee Indians.

B. ALLOWABLE COSTS/COST PRINCIPLES

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

C. CASH MANAGEMENT

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

E. ELIGIBILITY

The Energy Programs Manual, published by the Division of Social Services is available via the Internet at <https://www2.ncdhhs.gov/info/olm/manuals/dss/>. Detailed information regarding eligibility can be found in Section 300 and 400 of this manual.

LIEAP provides assistance to low income households to assist in the cost of heating expenses. Eligible households receive a one-time LIEAP heating assistance payment made directly to their heating vendor. The target population is persons age 60 and over and disabled persons receiving a service through the Division of Aging and Adult Services. The target population may apply for LIEAP December 1st through December 31st of each program year. All households may apply January 1st through March 31st of each program year. County departments of social services take applications during the specified time period of December 1st through March 31st.

Households must meet all of the following requirements:

- Countable income must be at or below 130% of the current poverty level. See the Energy Manual Section 300.09 for definitions of countable and non-countable income and allowable deductions. Each county is required to maintain an Energy Manual.
- The household must be subject to the rising cost of heating and must have a heat source.
- The household's countable resources cannot exceed \$2,250. See Energy Manual Section 300.11 for further details.
- The household must contain a U.S citizen or an eligible alien. Undocumented aliens are not eligible. See Energy Manual section 175 for more details.

CIP applications are available to everyone who wishes to apply and must be given the opportunity to do so on the same day they visit or contact the agency. Each applicant must be screened promptly to determine if the household has an energy-related crisis. Only households identified as having an energy-related crisis are potentially eligible for CIP.

To be eligible for the Crisis Intervention Program, a household must:

- Have monthly countable net income at or below 150% of the federal poverty level.
- Be in a heating or cooling related crisis situation. A household is in a crisis situation if it is experiencing or is in danger of experiencing a life threatening or health related emergency situation and timely and appropriate assistance is not available from any other source.

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- Household members must include a U. S. Citizen or eligible alien. See Energy Manual Section 175, United States Citizenship for more details.
- The maximum allowable assistance payment amount is \$600 per household per State Fiscal Year (July through June. Payments may vary based upon the severity of the crisis and the services needed, and the automated system tracks the cumulative funding authorized for each applicant household for the State Fiscal year. More detailed information on eligibility for the Crisis Intervention Program can be found in Section 400 of the Energy Manual and Administrative letters. County departments of social services must maintain this manual in their local office. The Energy Manual is also online and can be found at <https://www2.ncdhhs.gov/info/olm/manuals/dss/>.

The Energy Programs automated system is used to record each application. It contains an eligibility worksheet that displays income, deductions, income limits, income eligibility, and funding availability. Once the application is approved or denied, an automated notice, DSS-8107 is produced when the worker clicks on the appropriate button. A case record must be maintained on each household to hold a copy of the Rights and Responsibilities page with the applicant's signature, and any other documents used to determine eligibility. The printed approval /denial notice is optional as this form is maintained in the automated system. Hard copy information may be filed in the Work First (TANF), Food and Nutrition Services, Medicaid, or a separate LIEAP/CIP record. The DSS-8178, Energy Programs Application may be used in addition to keying into the Energy system.

Compliance Requirement

LIEAP - The highest level of assistance must be provided in a timely manner to households that have the lowest incomes and highest energy costs. (Public Law 97-35, Section 2605(b) (5); 42 U.S.C. 8624) The Division of Social Services sets the benefit levels based on the energy (fuel) type utilized by the client, household size and household income. Counties are required to issue the set benefit limit to the provider designated by the client. To ensure compliance with this requirement, local agencies must accurately record the household's income and energy (fuel) type.

Audit Objective

Ensure counties accurately record income, household reported energy (fuel) type and provider. This ensures the county issue the correct benefits based on the energy (fuel) type utilized by the client for heating.

Suggested Audit Procedure

Sample recipient records to determine that income and energy (fuel) type information was gathered. Ensure the income was correctly computed, the correct household information was entered, the correct fuel type was entered in the system and the correct benefit amount was issued.

CIP – The maximum allowable assistance payment amount of \$600 per household per State Fiscal Year (July through June) is subject to household meeting the eligibility criteria as outlined in Section 400 of the Energy Manual and Administrative letters.

Audit Objective

Ensure counties accurately determined the household eligibility.

Suggested Audit Procedures

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Sample recipient records to and verify all required application and verification documentation is on file, the correct household income was determined.

G. MATCHING, LEVEL OF EFFORT, EARMARKING

Matching – Not applicable

Level of Effort – Not applicable

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

H. PERIOD OF PERFORMANCE

LIEAP funds are available beginning December 1st through March 31st or until funds are exhausted, whichever comes first.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

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

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

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf.

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

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

L. REPORTING

This program is required to report financial data on OMB form SF-425, ACF-284 annually. Additionally, program data is reported on form OMB control # 0970-0060 on

an annual basis. This is a state requirement that has not been passed down to subrecipients, therefore no testing is required.

M. SUBRECIPIENT MONITORING

LIEAP and CIP subrecipients are monitored by the DSS Economic and Family Services staff and DSS Budget Office in accordance to the NC Local County Social Service Agencies Monitoring Plan, found at: [NC Local County Social Service Agencies Monitoring Plan](#).

N. SPECIAL TESTS AND PROVISIONS

1. Compliance Requirement

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

Audit Objective

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

Suggested Audit Procedure

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

2. Compliance Requirement

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

Audit Objective

Ensure there are no different requirements for homeowners and renters.

Suggested Audit Procedure

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

3. Compliance Requirement

Households denied assistance or do not receive reasonably prompt assistance must have an opportunity for a hearing. See Energy Manual Section 135 for additional information and required time frames.

Audit Objective

Ensure hearings are provided in a timely manner.

Suggested Audit Procedure

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