

A blue silhouette of the state of Minnesota, positioned to the left of the text.

MINNESOTA DEPARTMENT OF
COMMERCE



Energy Assistance Program

FFY2016 EAP Annual Training

Local Plan/Internal Control
Document, Contracts, Auditing,
Fiscal management



Local Plan / Internal Controls Doc.

Andy Grewell

Service Provider Local Plan

- Overview
- Key Changes
- Internal Controls Documentation
- Procurement
- Timeline
- Q&A



Service Provider Local Plan

Overview - the Local Plan shows that SPs:

- Organize complex activities
 - Communicate shared goals, plans
 - Understand their environment, their own capacity, their context, needs, strengths/weaknesses
 - Measure their success, impact, progress, outputs/outcomes, efficiency
- = Successfully manage the program
w/ accountability to communities and to Commerce
-

Service Provider Local Plan

Key Changes

- Removed internal control crossover items
- Added *Internal Controls Documentation*
- Added *Service Provider ERR Procurement Policies and Procedures* attachment

Service Provider Local Plan

Internal Controls Documentation

- Organized in accordance with *Standards for Internal Control in the Federal Government*
- An organizational process that can aid agencies in working more efficiently and effectively, reporting accurately on their operations, and complying with applicable laws and regulations
- Office of the Legislative Auditor requires EAP to ensure appropriate control & management of public funds
- Green Book adopted by both Commerce & State of MN



Service Provider Local Plan

Internal Controls Documentation - Organization

- 17 Standards organized into 5 categories
 1. Control Environment
 2. Risk Assessment
 3. Control Activities
 4. Information and Communication
 5. Monitoring
 - Use for:
 - Risk Assessment
 - Training needs
 - Oversight
-

Service Provider Local Plan

Internal Controls Documentation – Attachments

- The agency's most recent IRS Form 990
 - Board of Directors attendance record
 - Agency Bylaws (if a nonprofit agency)
 - Agency Organizational Chart
 - Copies of any sub-contracts funded with EAP funds in the past year (not including ERR costs)*
 - Travel policies and procedures
 - Contents page of agency policies & procedures
 - Excerpt from agency chart of accounts
 - Approved Cost Allocation Plan (if applicable)
-

Service Provider Local Plan

Procurement

- General procurement standards and methods, including:
 - How competitive bids are assured
 - How contractors are chosen
 - Why noncompetitive methods are used
 - Life-threatening vs. non Life-threatening
 - Describe the process for eHEAT documentation
-

Service Provider Local Plan

Timeline

- **July 23:** Local Plan & ICD sent to SP
- **July 27:** Letter to Executive Directors
- **July 29:** Email attachment to EAP Coordinators
- **Aug 20:** Local Plan & ICD due back to Commerce
- **Aug 21- Sept 30:** Commerce review, contract execution



Contracts

Shamiere Bridgeford

Contracts

- Overview
- Changes
- Components
- Timelines



Contracts

Overview

EAP Contract addresses three areas

- Grant administration
- Fiscal management
- Performance/compliance requirements

Contracts

Contract Changes

- Internal Controls Document (ICD) is part of the contract grant package
- Uniform Guidance 2 CFR 200 compliance
- Program Specific Audit clause (language is the same, but invoking clause is possible)

Contracts

Contract Components

- FFY16 EAP Grant Contract
- FFY16 Local Plan
- FFY16 Internal Controls Document (ICD)
- Supplements

Contracts

Contract Components (cont.)

- Supplements
 - eHEAT Admin Security Agreement
 - Affirmative Action Certificate
 - Certification Regarding Lobbying, Debarment...
 - Current Certificate of Compliance from MN DHS
 - Conflict of Interest Policy Statement

Exemptions: County agencies, reservations and SPs with fewer than 40 employees

Contracts

Contract Submission Reminders



Return the two contracts with:

- Original, wet signatures of the Board Chair or the authorized signatory.
 - If not signed by Board Chair, signature authority granted by Board must accompany grant contract
 - Signature of Cert. for Affirm. Action & Lobbying
 - FFY16 LP wet signed by ED
 - FFY16 ICD wet signed by ED & Board Chair
 - Supplements
-

Contracts

Grant Contract and Local Plan Timelines

- July 23: LP template email attachment to EAP Coordinators
- Aug 20: Proposed LP & ICD submissions due to Commerce by 4:00pm
- Aug 21 – Sept 17: LP review and follow-up
- By **Mon, Sept 21, 2015**: All Contracts and final LP & ICDs are printed and signed by authorized SP personnel must be received by Commerce



Contracts

Grant Contract and Local Plan Timelines

- By Sept 25: Fully executed Grant Contract & LP will be sent to SPs
 - NFA also provided as part of this contract package providing authority to spend FFY16 funds effective Oct 1, 2015
 - By Oct 1, 2015: Commerce executes and distributes contract documents with LP & ICD
-

Monitoring, Auditing & Oversight

John Harvanko

Monitoring, Auditing & Oversight

One comprehensive system

- HHS monitoring Commerce
 - OLA auditing Commerce
 - EAP auditing SP
 - SPs are audited by independent auditors
 - SP monitoring of energy vendors
-

Monitoring, Auditing & Oversight

National, State and Local efforts

- Federal level
 - Increased funds for staffing, monitoring, training, oversight
- State level
 - Increased scrutiny, systems, controls, requirements, oversight, assessments
- Local level
 - Self monitoring, risk assessment, oversight, Internal Controls Document



Monitoring, Auditing & Oversight

Office of Legislative Auditor

- Every year EAP gets audited by the OLA
- Several weeks in the state office
- Based on the State fiscal year

Monitoring, Auditing & Oversight

Two findings by OLA

- Commerce did not submit complete and accurate financial reports to the federal government for LIHEAP
 - Commerce did not pay accurate indirect cost amounts from some federally-funded programs, including LIHEAP. This finding includes an unresolved prior issue
-

Monitoring, Auditing & Oversight

Other Recent State Level Oversight

- HHS program compliance visit, Aug 2014
 - Review of EAP internal control by Commerce Internal Controls Director
 - Internal investigation by the Commerce Enforcement Division
 - Review by the OLA of Commerce's actions regarding CAMPLS
 - Review by the OLA of the State's oversight of non-profits, in particular CAPs
-

Monitoring, Auditing & Oversight

Oversight has been increasing

- Exams are changing due to increased oversight
 - All data should be accurate
 - Increased scrutiny – 8 investigations – GAO to State to CAMPLS – this is the new world
 - PARs are intended for improvement and accountability and risk mitigation
 - SPs educate boards and leadership on changes
 - Boards and leadership need to become informed to understand how to assess reports
-

Monitoring, Auditing & Oversight

Recent number of Findings & Recommendations

	Year		
	2013	2014	2015
Findings	27	26	35
Recommendations	58	49	29
Total	85	75	64

Monitoring, Auditing & Oversight

State Monitoring

DOC conducts two types of on-site visits

- Initial Program Assessment Visit (iPAV)
- Full Program Audit Visit (fPAV)

Team approach to auditing (Not just the PPAs)

- Internal review to PAR
 - Working to be consistent
 - Internal review of responses from SPs to PAR
-

Monitoring, Auditing & Oversight

Initial Program Assessment Visit (iPAV)

Focus

- Review findings & recommendations from prior year(s)
- Review LP & ICD – discuss questions & SP changes
- Ensure SP has necessary resources and is ready
- File review
- Provide Training and Technical Assistance (T&TA)

Prior to visit

- Send T&TA requests to your PPA
 - Do not save questions for the visit, send immediately to your PPA or [eap.mail](mailto:eap@mail)
-

Monitoring, Auditing & Oversight

Full Program Audit Visit (fPAV)

Focus

- In-depth review of SP's program implementation
- Review of Primary Heat, Crisis and ERR files
- Review payroll records
- Inventory
- Additional documents as needed

Prior to visit

- Full Program Audit Tool (fPAT)
 - Send T&TA requests to your PPA
 - Do not save questions for visit, send to PPA or [eap.mail](mailto:eap@mail)
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

- **PH – 30 files, plus:**
 - 5 Self employment
 - 5 No income
 - 5 Denied
 - All consumption > \$5,000

 - **Crisis – 30 files**

 - **ERR – 5 files, plus**
 - All tasks > \$5,000
-

Monitoring, Auditing & Oversight

File Sample Review – Why so many files?

Statistical significance

- Each SP has a “population” of files
 - We can't review all of them
 - By reviewing random sample of whole population, we can get a relatively good representation of the whole
 - Even 30 files out of 1000+ is not entirely representative
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

PH – Application Processing

- Apps are dated/signed by applicant
 - Apps are date stamped / logged day they arrive
 - Complete, documented income for HH members
 - Accurate income calculation of EAP HH
 - Complete documentation notes in file/in eHEAT
 - Copies of any correspondence with HH
 - Documentation of research done in response to a question, complaint, or appeal, if applicable
 - Delivery of timely program services
 - Maintain proper EAP data security practices
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

PH – Eligibility Determination

- HH member info
- HH income documentation & calculation
- Housing type & status (e.g., subsidized, HIR)

PH – Benefit Amount Determination

- All of the above, plus:
 - Fuel type
 - Home heating system status (e.g., dual fuel)
 - Consumption

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

Crisis – Eligibility Determination

- Past due bills in file or documentation of emergency
 - Documentation of energy vendor verification
 - Available PH payments did not resolve the emergency.
Check if PH payments were made payable after Crisis benefit determined
 - SP - HH correspondence notes in file or eHEAT
 - Check that eHEAT Crisis reason matches documented rationale
 - Are SPs doing reasonability checks for delivered fuel?
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

Crisis – SP Response

- For HH in a life-threatening situation the LIHEAP law requires that the threat to life be removed within 18 hours of a household requesting crisis
 - No heat in the house
 - No heat distribution
 - For HHs experiencing immediate energy emergencies that are not life threatening SPs must approve crisis services within 48 hours
 - Compare crisis reported date to completion/approval/payment date
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

Crisis – Benefit Amount Determination

- Compare the crisis amount with the vendor verification documentation and PH benefit amount
 - Is the SP properly using the Crisis amount and fees boxes in eHEAT?
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

Crisis – Benefit Amount Determination

- Compare the Crisis amount with vendor verification documentation and PH benefit amount
 - Is the SP properly using the Crisis amount and fees boxes in eHEAT?
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

ERR – Eligibility

- Documentation of:
 - Proof of ownership
 - qualified dwelling.
 - Valid request for repair or replacement, including description of the problem.
 - Eligible heating system (e.g., not redundant)
 - ERR-related app info matches eHEAT info
 - Verify that changes to app are documented
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

ERR – SP Response

- For HH in a life-threatening situation the LIHEAP law requires that the threat to life be removed within 18 hours of a household requesting crisis
 - No heat in the house
 - No heat distribution
 - For HHs experiencing immediate energy emergencies that are not life threatening, SPs must approve crisis services within 48 hrs
 - Compare reported date to complete/approval/pymt date
 - Documentation that temporary heat was provided appropriately
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

ERR – Benefit Amount Determination

Documentation of:

- Contractor's determination of need for response to ERR request (need for repair or replacement)
 - "Manual J" calculations
-

Monitoring, Auditing & Oversight

File Sample Review – What do we look for?

ERR – Other

- Inspection Certificate
 - 50% of furnace replacements & retrofits inspected
 - Must be inspected prior to contractor payment
 - Completion Certificate
 - Required for all repairs & replacements > \$1,000
 - Signed and dated by homeowner & contractor
 - Must include model and serial numbers
 - If inspected, inspector signature
 - Itemized Invoices
 - Procurement approach
-

Monitoring, Auditing & Oversight

Findings & Recommendations

- To point out areas that should or must be improved
 - By finding improvement areas, can take action
 - Want to ensure that we:
 - Deliver the highest quality of service to communities
 - Comply with applicable laws
 - Not meant as punishment or to reprimand
 - Use the audit as a tool to improve services to HHs
 - Approach to PARs and responses are done as a team
 - Need timely response to PAR
-

Monitoring, Auditing & Oversight

Questions During the Program Year

- Call or email your Program Performance Auditor
- Can also email your questions to eap@mail
- Emails with private HH data must be sent securely
 - Check with your IT staff about how to do this

Monitoring, Auditing & Oversight

Internal Controls Document

- New attachment to the LP
- Much of the info was previously requested in the LP

Monitoring, Auditing & Oversight

SP Risk Assessment

- Requirement from numerous sources: GAO, OLA, Minnesota Office of Grants Management, etc
 - Over time we have incrementally developed a risk assessment model at the State level
 - Risk assessment continues to evolve
 - Based on GAO's Green Book of Internal Controls (as are many other tools, e.g., LP and ICD)
-

Monitoring, Auditing & Oversight

SP Risk Assessment

- LP & ICD are major sources of data for risk assessment
 - Will be used to allocate State resources for program oversight activities, including:
 - Initial Program Assessment Visits (iPAV)
 - Full Program Audit Visits (fPAV)
 - Desk Monitoring and fiscal tool
 - Training & Technical Assistance
 - Corrective Action Plans
 - Goal is to use SP risk assessment results with SP to enable improvement
-

Monitoring, Auditing & Oversight

FFY16 Program Performance Auditor Assignments

Amanuel Asghedom amanuel.asghedom@state.mn.us 651.539.1806		Andy Grewell Andrew.Grewell@state.mn.us 651.539.1814		Shamiere Bridgeford Shamiere.Bridgeford@state.mn.us 651.539.1836	
ID	Service Provider	ID	Service Provider	ID	Service Provider
53	LSS	6	AEOA	15	Anoka County
7	Lakes & Pines	16	CAPRWC	4	Bi-County CA
24	Minnesota Valley	31	Fond Du Lac	30	Bois Forte
1	Northwest CA	19	Heartland CA	65	CAPSH
22	SMOC	3	Inter-County CA	52	Clearwater County
64	Todd County	5	KOOTASCA	10	Mahube-OTWA
13	Tri-CAP	33	Leech Lake	20	Prairie Five CA
2	Tri-Valley	39	Red Lake	61	Renville County
12	West Central CA	18	Scott-Carver-Dakota	26	Semcac
41	White Earth	25	Three Rivers CA	21	Western CA
44	Wright County				

Fiscal Management

Alex Larson

Fiscal Management

Topics

- New Uniform Guidance
- Transparency Act Reporting and DUNS numbers



New Uniform Guidance



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Part III

Office of Management and Budget

2 CFR Chapter I, Chapter II, Part 200, et al.
Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards; Final Rule

New Uniform Guidance

- Office of Mgmt and Budget (OMB) released new Uniform Administrative Requirements, Cost Principles, & Audit Requirements for Federal awards on Dec 26, 2013
 - To be implemented for EAP FFY16
 - LIHEAP Grant is exempted from most requirements outlined in the guidance
-

New Uniform Guidance

- Strongest impact is on relationship between SPs and their auditors
 - Furthers oversight and risk assessment requirements for grantees with subrecipients
 - Encourages grantees and subrecipients to develop an Indirect Cost Plan
-

Transparency Act Reporting

Federal Funding Accountability
and Transparency Act



www.fsrs.gov

Transparency Act Reporting

- Requirement of all agencies which provide subgrants of Federal funds which exceed \$25,000.
 - Subgrants are entered by Commerce into the FFATA system.
 - Goal is to provide visibility to citizens regarding how Federal funds flow through State and Local governments
-

Transparency Act Reporting

- Compliance with requirements has been an area of focus for the Office of the Legislative Auditor.
 - DUNS number is a prerequisite for a subgrant to be entered into FFATA
 - SPs are required to have an approved and active DUNS number
-

New Uniform Guidance



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- <http://fedgov.dnb.com/webform>