Effective Oversight of Subrecipients

Division of Energy Assistance (DEA)
Office of Community Services (OCS)
Administration for Children & Families (ACF)
U.S. Department of Health and Human Services (HHS)
Agenda

John Thompson, Auditor, Division of Energy Assistance
• Introduction and Opening Remarks

Presenters:
• Jane Blank, Section Chief, Wisconsin Home Energy Assistance Program (WHEAP)
• Kelly Buckson, Senior Manager, South Carolina Department of Administration (SCDA)
• Leslie Ann Lesko, LIHEAP Program Manager, Illinois Department of Commerce & Economic Opportunity (IDCEO)
• Jennifer Lee, LIHEAP Program Manager, Alabama Department of Economic and Community Affairs (ADECA)

Peter Edelman, Program Analyst, Division of Energy Assistance
• Recap and Closing Remarks
Title 45 (Public Welfare) of the Code of Federal Regulations, Part 96
  • Block Grants
  • 45 CFR 96.30(a)

2 C.F.R. § 200.332 (d) and 45 C.F.R. § 75.352(d)
  • Requirements for Pass Through Entities
  • Fraud, Waste, and Abuse Policy

42 USC 8624(b)
  • LIHEAP Assurances
Frequency Requirements

• Agency Policy to perform Monitoring

• What to Evaluate

Evaluation
- Excellent
- Good
- Average
Wisconsin
LIHEAP Monitoring Procedures

Presented by Jane Blank
Wisconsin Operations

70 Counties
(26 counties subcontract with non-profits)
2 non-profits
6 Tribes
Wisconsin’s Monitoring Key Components
Fiscal Monitoring

Agencies receive an email notice to upload the following documents in the HE+ System:

- Copies of General Ledger entries for WHEAP expenses invoiced for in a specific month
- Copies of supporting document(s) for the General Ledger entries
Administrative Reviews

• Administrative Reviews (on-site):
  – Discuss contract spending
  – Examine overall operations
  – Review agency internal quality assurance reviews
  – Evaluation of the agency’s compliance with WHEAP policies and procedures
Desktop Reviews

- Email notice

- Report Letter
  - General and Furnace Case File Quality Assurance spreadsheets
  - Agency Response Template
Vendor DTM (VDTM)

- 3 VDTMs conducted quarterly
  - December, March, June and September

- (1) Fuel Oil vendor, Propane vendor, and Natural Gas and/or Electric Vendor

- 10 customers
Statewide Monitoring

• Invoicing
• Crisis Balances
• Caseload Comparison
Monitoring Outcomes

- Policy Compliance
- Interpretation of requirements and policies
- Aid in the development of tools and training topics for all agencies
- Identify best practices for state staff to share with other agencies
Who We Are

State Office Overview
- SC OEO Monitoring Staff: 9 (program, fiscal and Weatherization)
- 13 LIHEAP Subgrantees

LIHEAP Customers
- Primary Heating Fuel: Natural Gas
- SC Residential Nat. Gas Average Price: $15.85 per thousand cubic feet
- Average Annual LIHEAP benefit: $496
LIHEAP Program Review

2021 Non-Emergency Benefit Matrix

<table>
<thead>
<tr>
<th>Categories</th>
<th>Benefit Levels</th>
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<tbody>
<tr>
<td>MINIMUM DIRECT ASSISTANCE</td>
<td>$200</td>
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<tr>
<td>Energy burden</td>
<td>$125</td>
</tr>
<tr>
<td>Elderly aged 60 +</td>
<td>$75</td>
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<tr>
<td>Income = or &lt; 100% FPL</td>
<td>$125</td>
</tr>
<tr>
<td>Disabled</td>
<td>$50</td>
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<tr>
<td>Child age 5 or less</td>
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<tr>
<td>Veterans</td>
<td>$50</td>
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<tr>
<td>Fuel</td>
<td>$75</td>
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<tr>
<td>Maximum Allowable</td>
<td>$750</td>
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Monitoring Overview

- Annual Monitoring (completed by OEO)
- COVID-19 Fiscal Monitoring
- Training & Technical Assistance
Doing Business Differently
LIHEAP Outreach

- Smart Phone Application
- Statewide Online Application
- Secure Drop Boxes
Example of Outreach Efforts
Illinois

LIHEAP Monitoring Procedures, COVID Transition & At-Risk Subrecipients

Presented by Leslie Ann Lesko
Subrecipient Monitoring

• **Illinois Monitoring**
  • 35 Subrecipients
  • Monitored annually but no later than every three (3) years
  • Risk Assessment Tools

• Fiscal Monitoring

• Program Monitoring
Fiscal Monitoring

• Fiscal monitoring normally performed on-site is being completed remotely during the COVID-19 pandemic

• Samples requested from sub-recipients are submitted through a secure FTP site

• Development of an all-inclusive monitoring tool (Excel Workbook) is used to support all areas of fiscal testing

• Total of twenty-three areas are monitored
Program Monitoring

Three monitoring tools:

- Desk Monitoring
- On-Site Comprehensive Monitoring
- Remote Comprehensive Monitoring

COVID-19 – Rethinking our approach
At-Risk Subrecipients

The Termination of an Agency:

• Watch for Signs

• Own your part in the process

• Develop Contingencies

• Learned many lessons about how to better assess performance and to provide training and technical assistance.
At-Risk Subrecipients – cont’d

The successful transition of an at-risk subrecipient:

• Step 1: **Corrective Action Plan** *(based on monitoring findings)*

• Step 2: **Technical Assistance Plan** *(very collaborative)* and

• Final Step, at which the subrecipient could either succeed or fail: **Quality Improvement Plan** *(forcing sub to improve or lose funding)*
Risk Assessment

• Develop a Risk Assessment Tool and what factors and questions will be used to score a subrecipient

• Each factor and question is weighted, and a final score indicates a low, medium, or high risk.

• Some high risk examples could look like:
  • Repeated monitoring findings and/or deficiencies.
  • Failure to respond to findings and deficiencies effectively and timely.
  • Turnover in key agency staff.
  • Failure to submit Grants, Modifications, Reports timely.

• An Office of Community Assistance tool combines the risk assessment results of Fiscal, CSBG, Weatherization and LIHEAP to determine the agency’s overall risk.
Alabama

LIHEAP Monitoring Procedures, COVID Transition & At-Risk Subrecipients

Presented by Jennifer Lee
Oversight from General View

Before March 2020
- Conducted annual site visits for all twenty-one (21) subrecipients
- Processed monthly invoices
- Generated weekly expenditure reports through state-wide system
- Prepared Risk Assessments annually

After March 2020 - Present
- Same as above except no site visits – monitoring remotely.
Challenges due to COVID-19

- **Intake**
  - Alternatives to face-to-face appointments
  - Required documentation

- **Subrecipient expenditures**
  - In May, 12 of our 21 subrecipients were below their typical expenditure rate
  - By September, 3 of our 21 subrecipients were still not on track to obligate their allocation
  - By end of December 31, all but one subrecipient obligated their allocation
High Risk Subrecipient

Decision: move program or place subrecipient on High Risk?
  - In early December, the State completed a Risk Assessment
  - Subrecipient’s payments to home energy vendors were averaging two months late
  - Subrecipient had two prior opportunities to implement a plan for spending the allocation

In January, leadership met twice with Executive Director and Board Chair

Outcome: High Risk status with a reimbursement-only contract for 6 months at 50% of their typical allocation
  - In early February, contract was executed
  - If successful, the State will extend the contract and allocate the remaining portion
Session Recap

- We heard four grantees go over the following about how they carried out subgrantee oversight:
  - How COVID forced all four grantee to change their approaches to monitoring;
  - How two grantees handled at-risk agencies;
  - How grantees monitored different types of subrecipient; and
  - How grantees set their schedules, tools, and strategies for monitoring.
Importance of Subrecipient Monitoring

- Monitoring helps your subrecipients and you…
  - Comply with program requirements;
  - Minimize improper payments, including by identifying fraud;
  - Improve the delivery of services; and
  - Coordinate with each other, especially in reporting data.
Be Prepared for Your Monitoring Activities

Here are some monitoring preparation tips:

- Before you begin, prepare a monitoring tool that guides your approach to the monitoring episode;
- Identify at-risk subrecipients;
- Develop a monitoring schedule;
- Plan the monitoring episode’s agenda; and
- Perform timely follow-up.
Presenter Point of Contacts

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Go Ahead and Ask Away…

Q&A

You have Questions

We have Answers