

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 Manger, 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



Subrecipient Guidance

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



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

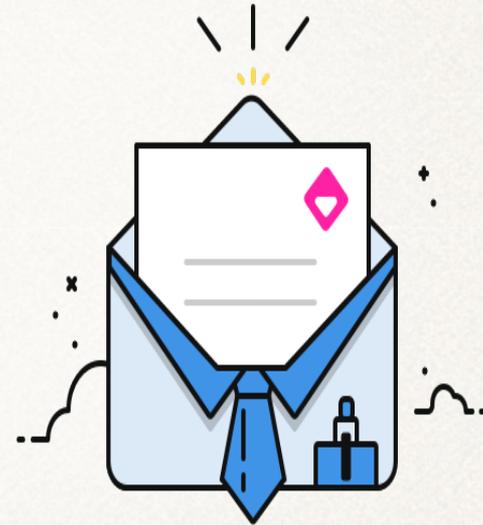


Desktop Reviews

- Email notice
- Report Letter
 - General and Furnace Case File Quality Assurance spreadsheets
 - Agency Response Template



DTM Process



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



South Carolina

LIHEAP Monitoring Procedures & COVID Transition

Presented *by* Kelly Buckson



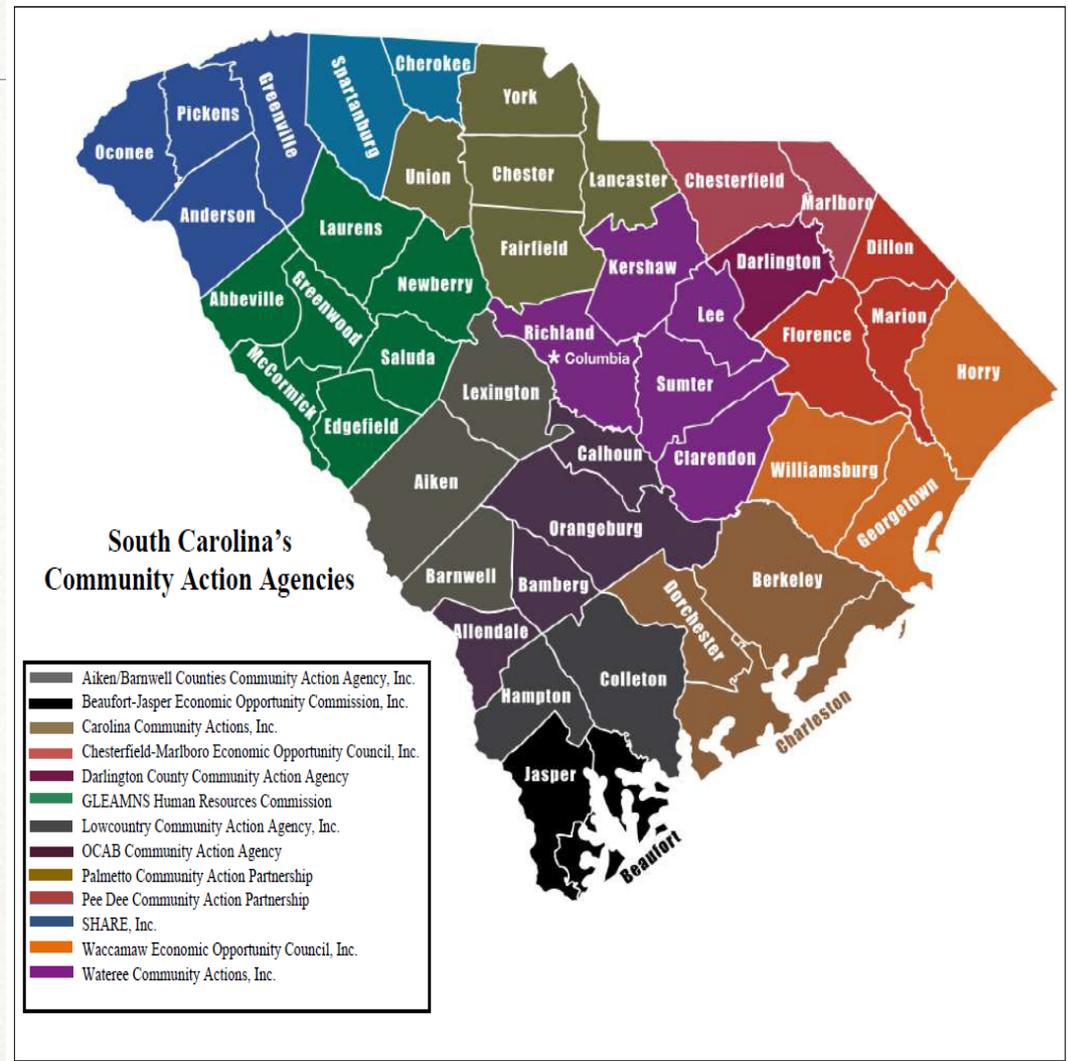
Who We Are

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

Categories	Benefit Levels
MINIMUM DIRECT ASSISTANCE	\$200
Energy burden	\$125
Elderly aged 60 +	\$75
Income = or < 100% FPL	\$125
Disabled	\$50
Child age 5 or less	\$50
Veterans	\$50
Fuel	\$75
Maximum Allowable	\$750

Heating

Jan 1 –
April 30

Cooling

May 1 – Sept
30

Heating

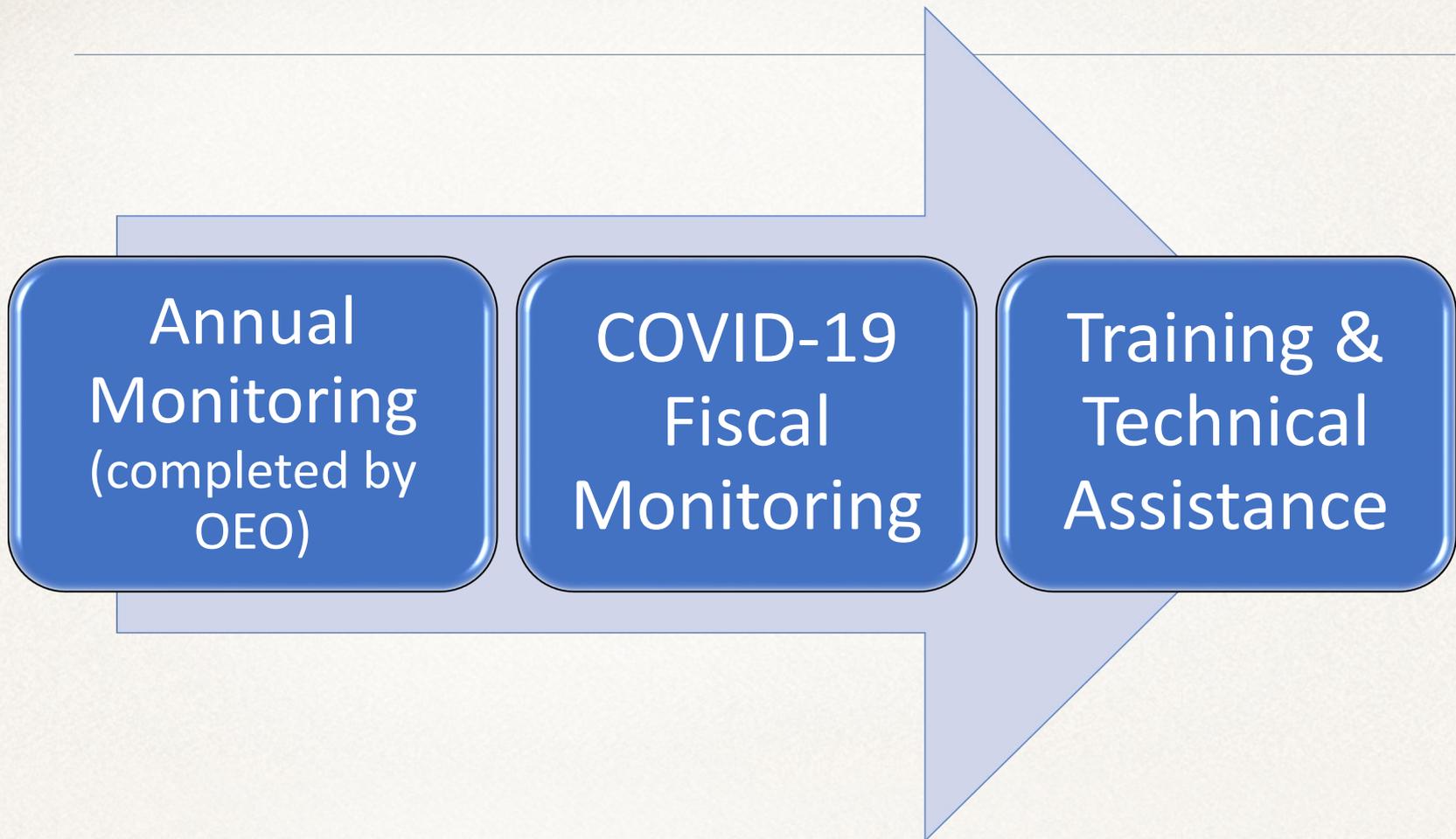
Oct 1 –
Dec 31

Year-Round Crisis

Jan 1 – Dec 31



Monitoring Overview



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...

