



REPORT OF THE STATE AUDITOR

**Low-Income Energy Assistance Program
Department of Human Services**

**Performance Audit
June 2002**

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This report contains the results of the performance audit of the Low-Income Energy Assistance Program within the Department of Human Services and the Energy Saving Partners Program within the Governor's Office of Energy Management and Conservation. The audit was conducted pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The report presents our findings, conclusions, and recommendations, and the responses of the Department of Human Services and the Office of Energy Management and Conservation.

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**STATE OF COLORADO
OFFICE OF THE STATE AUDITOR**

REPORT SUMMARY

**JOANNE HILL, CPA
State Auditor**

**Low-Income Energy Assistance Program
Department of Human Services
Performance Audit
June 2002**

Authority, Purpose, and Scope

This performance audit of the Low-Income Energy Assistance Program and the Energy Saving Partners Program was conducted under the authority of Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct audits of all departments, institutions, and agencies of state government. The audit was conducted according to generally accepted auditing standards. The audit work included gathering information through interviews, reviewing documents, and analyzing data. The audit was performed between October 2001 and April 2002.

The purpose of this audit was to review the efficiency and effectiveness of the Low-Income Energy Assistance Program and the Energy Saving Partners Program. We gratefully acknowledge the assistance and cooperation of staff at the Department of Human Services and the Governor's Office of Energy Management and Conservation in completing this audit. The following summary provides highlights of the comments contained in the report.

Overview

The Low-Income Energy Assistance Program (LEAP), within the Department of Human Services, is a federal program that was created to provide low-income households with assistance to help meet the cost of their winter home heating needs. In Fiscal Year 2002 LEAP received about \$20 million, which included almost \$18 million in federal funds and over \$2 million from the Colorado Energy Assistance Foundation. LEAP is a state-supervised, county-administered program. The Department is responsible for the general oversight of the Program, while county social services offices are responsible for administering LEAP by determining eligibility and calculating benefit amounts. LEAP contains two main components: basic LEAP benefits and the Crisis Intervention Program (CIP). The basic LEAP benefit is cash assistance that is paid to either a utility company or fuel supplier on behalf of an eligible household, or directly to the eligible household when heating costs are included in rent. CIP provides up to \$1,200 in services each year to households experiencing a non-fuel-related heating emergency (e.g., broken furnace or windows).

The Energy Saving Partners (ESP) Program, which is administered by the Governor's Office of Energy Management and Conservation (OEMC), provides weatherization services to low-income households. Weatherization services include installing insulation, weather-stripping, and caulking;

For further information on this report, contact the Office of the State Auditor at (303) 869-2800.

and performing furnace inspections, repairs, and replacements. In Fiscal Year 2001 the ESP Program spent approximately \$8.6 million to weatherize 3,400 homes at an average cost of about \$2,300 per household. The ESP Program receives funding from the United States Department of Energy, LEAP, Xcel Energy, and the Colorado Energy Assistance Foundation.

Case File Documentation

Department rules require that counties obtain sufficient documentation to support eligibility determinations and benefit calculations. Without proper documentation it is difficult to determine if eligibility and benefits were calculated correctly. During our review of about 400 case files from Program Years 2001 and 2002, we found that many did not contain sufficient documentation to support eligibility determinations, benefit calculations, and adherence to timeliness standards. Specifically, we found that 14 of 61 files requiring a rent receipt did not contain one; 38 of 346 files requiring a heating bill did not contain one; 44 of 406 files did not contain income verification; and 40 of 300 files were missing date stamps which are needed to assess compliance with processing time lines. The Department's monitoring process also routinely identifies numerous errors related to eligibility determinations, income calculations, and insufficient documentation. In addition, we found that most applicants did not provide social security numbers or birth dates for additional household members. This information is needed to verify eligibility and benefit amounts.

Application Processing

County LEAP offices have 50 calendar days to process standard applications, 10 business days to process emergency applications, and 4 business days to process CIP applications. We reviewed cases from Program Years 2001 and 2002 and found that 60 percent of the CIP cases were not processed within the four-business-day requirement. We also found that there are currently no requirements for the timeliness of actually providing CIP services. In addition, we found that 25 percent of the emergency cases exceeded the 10-business-day requirement. Further we questioned whether a 50-day standard is too long for processing standard LEAP applications and whether counties should be required to process these applications within a shorter time frame. When cases are not processed in a timely manner, there can be health and safety issues for applicants due to improperly working furnaces and heat shutoff situations.

Administrative Expenditures

Federal statutes limit the amount of funds a state may use for planning and administering LEAP to 10 percent of the State's total federal allocation. In Fiscal Year 2002 this amount was approximately \$2 million for Colorado. We reviewed the Department's method for tracking LEAP-related expenditures and found there are inadequate controls in place to ensure the Department is complying with the federal limitation on administrative costs. Overall, we believe that counties are underreporting their administrative expenses. Specifically, we found that some counties did not use any of their Fiscal Year 2001

administrative allocations even though they had caseloads of up to 200 cases. In addition, some counties do not use one of the Department's approved time reporting methods to document the time staff spend managing and processing their LEAP caseloads. Although some underexpenditures may be due to county efficiency, others may be due to expenditure coding errors or other problems.

Program Oversight

The Department is responsible for monitoring LEAP to ensure the Program is administered in accordance with state and federal requirements. This includes monitoring county LEAP offices to ensure cases are processed properly, eligibility is correctly determined, benefits are properly calculated, and utility vendors are monitored to verify that LEAP benefits are applied to the appropriate accounts. During our review we found that the Department does not have a monitoring plan and further, that many counties have not been reviewed for a significant period of time. Specifically, 8 counties have not been monitored since 1989 and 34 counties have not been monitored since 1996. In addition, the Department's current process does not allow for timely follow-up with counties when errors are found. The Department also does not monitor client benefit payments made to utility vendors to ensure these payments are applied to the appropriate customer accounts.

Outreach Plans

Department rules require county LEAP offices to submit outreach plans by October 30th each year. An outreach plan is a questionnaire in which county LEAP offices describe their planned outreach activities for the upcoming LEAP season. We reviewed the Department's policies related to outreach plans and found that the plans currently provide little benefit. Specifically, we found that Department staff do not review plans to offer feedback or best practice information to the counties, many counties submit the same outreach plan from year to year, plans are not submitted at the beginning of the LEAP season, and many counties do not submit outreach plans at all. The Department needs to assess the value of having counties submit outreach plans each year. With the current process, outreach plans have become little more than a paperwork exercise.

ESP Waiting Lists

We found that two Energy Saving Partners regions in the State currently have extensive waiting lists for their weatherization services. These waiting lists range from about six months in Pueblo and the southeast corner of the State to about two years in the San Luis Valley. In most other areas of the State, individuals receive weatherization services within about two months from the date of application. The waiting lists have created service inequities and have resulted in higher energy costs for those homes waiting to receive services. According to Program staff, in order to reduce and/or eliminate the waiting lists, the weatherization agencies in these areas will need more funding so that they can hire additional crews. We

SUMMARY

estimate that these two agencies would need an additional \$500,000 per year for five years to eliminate their current waiting lists. Therefore, the Office of Energy Management and Conservation needs to reassess its allocation methodology and investigate additional funding sources.

Our recommendations and the responses of the Department and the Office of Energy Management and Conservation can be found in the Recommendation Locator.

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
1	14	Ensure counties sufficiently document information used to determine eligibility and to calculate benefit amounts by: (a) requiring a social security number and date of birth for all household members and (b) continuing to emphasize the importance of documentation in training sessions.	Department of Human Services	a. Disagree b. Agree	September 16, 2002
2	16	Improve timeliness of application processing by: (a) implementing a time requirement for providing Crisis Intervention Program services, (b) continuing to emphasize the importance of documenting actions taken on cases, and (c) evaluating the 50-day time requirement for processing standard LEAP cases.	Department of Human Services	a. Partially Agree b. Agree c. Partially Agree	October 1, 2002
3	19	Improve the efficiency of the LEAP appeals process by entering into a service-level agreement with the Division of Administrative Hearings to establish time guidelines for various steps in the appeals process.	Department of Human Services	Agree	October 1, 2002
			Division of Administrative Hearings	Agree	October 1, 2002
4	21	Improve the effectiveness and efficiency of the LEAP application process by periodically assessing if more applicants can receive the short form, determining if additional information can be included in Spanish on the eligibility notice, and continuing to evaluate alternatives for providing energy conservation information.	Department of Human Services	Agree	November 1, 2002

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
5	26	Improve accuracy of county administrative and outreach reporting by ensuring counties use an approved time reporting method, developing and disseminating guidelines on appropriate uses of administrative funds, continuing to emphasize to county program and fiscal staff the importance of appropriately coding LEAP expenditures, requiring documentation for overexpenditures, consistently recovering overexpenditures, and reassessing methodology for allocating funds.	Department of Human Services	Agree	November 1, 2002
6	29	Improve oversight by: (a) developing a monitoring plan, (b) enforcing the corrective action plan requirement and following up on the plans in a timely manner, (c) monitoring benefit payments made to utility vendors, and (d) maintaining better communication with the Field Audits Section.	Department of Human Services	a. Agree b. Agree c. Disagree d. Agree	August 1, 2002
7	31	Improve communication with utility providers by electronically notifying them, when possible, of eligible LEAP recipients and benefit amounts.	Department of Human Services	Agree	December 1, 2002
8	33	Improve oversight of Crisis Intervention Program funds by: (a) requesting counties randomly follow up with CIP recipients, (b) requiring service providers to submit detailed invoices that include a client signature, and (c) periodically contracting with private vendors to inspect a sample of CIP homes.	Department of Human Services	a. Disagree b. Agree c. Disagree	October 1, 2002
9	35	Pursue alternatives through pilot programs or studies to increase funding for the Crisis Intervention Program by actively seeking landlord and housing authority contributions.	Department of Human Services	Agree	November 1, 2002
10	40	Review outreach allocation methodology by periodically analyzing source statistics, reassessing methodology for state and county allocations, and providing counties with their own source statistics.	Department of Human Services	Agree	December 1, 2002

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary	Agency Addressed	Agency Response	Implementation Date
11	42	Assess the benefits of requiring county outreach plans. If outreach plans continue to be required, revise the plan format, review plans and provide feedback, identify best practices, and require counties to submit plans prior to the LEAP season.	Department of Human Services	Agree	October 1, 2002
12	44	Improve outreach by mailing applications to, and targeting other, potentially eligible groups and redesigning the State's LEAP Web site.	Department of Human Services	Agree	October 1, 2002
13	48	Evaluate alternatives for raising additional funds to eliminate extensive waiting lists for weatherization services.	Office of Energy Management and Conservation	Agree	January 2003
14	50	Improve the efficiency of the ESP application process by developing a standard application and denial notification form, developing forms in Spanish, and notifying applicants of their status on a waiting list.	Office of Energy Management and Conservation	Agree	January 2003
15	52	Improve efficiency of the ESP appeals process by establishing time requirements for processing appeals.	Office of Energy Management and Conservation	Agree	January 2003

Description of the Low-Income Energy Assistance Program

Overview

The Low-Income Energy Assistance Program (LEAP), within the Department of Human Services, is a federal program that was created in 1980 to provide low-income households with assistance to help meet the cost of their winter home heating needs. LEAP is a state-supervised, county-administered program. That is, the Department is responsible for the general oversight of LEAP while county social services offices are responsible for administering the Program by determining eligibility and calculating benefit amounts. The Program contains two main components:

- **Basic LEAP Benefit** - This is a cash benefit that is paid to either a utility company or fuel supplier on behalf of eligible households, or directly to eligible households when heating costs are included in rent. Individuals can apply for cash benefits from November through April each year.
- **Crisis Intervention Program (CIP)** - This is assistance for households experiencing a non-fuel-related heating emergency. Heating emergencies typically include situations where a furnace or a broken window needs to be repaired or replaced. Eligible households qualify for up to \$1,200 worth of repairs each year. Individuals can apply for CIP assistance year-round.

To be eligible to receive either a basic LEAP benefit or CIP assistance in Fiscal Year 2002, applicants had to meet all of the following requirements:

- **Income** - Total household income had to be at or below 185 percent of the federal poverty level.
- **Vulnerability** - An applicant had to be responsible for paying home heating costs, either directly to a utility company or fuel dealer, or indirectly as part of rent.
- **Residency** - An applicant had to be a resident of Colorado.
- **Citizenship** - An applicant had to be a United States citizen or legal alien.

In Fiscal Year 2001 and prior years, there was also a resource eligibility requirement. To receive LEAP benefits, applicants could have no more than \$5,000 in assets, excluding one vehicle and their primary residence. The Department eliminated this requirement beginning in Fiscal Year 2002.

From Fiscal Year 2000 to Fiscal Year 2002, the number of individuals receiving LEAP benefits increased by 63 percent. The most significant change occurred in Fiscal Year 2001 when the number of recipients increased 57 percent. The following table shows the number of Colorado households receiving basic LEAP benefits and CIP assistance for Fiscal Years 2000 through 2002 as well as the funds paid out and average benefit amounts. Total funding and individual benefit amounts were higher in Fiscal Year 2001 than in other years due to an increase in both state and federal funding and home heating costs.

LEAP and CIP Benefit Payments Fiscal Years 2000 Through 2002						
Benefit Type	Fiscal Year					
	2000		2001		2002	
	Payments	Recipient	Payments	Recipient	Payments	Recipient
Basic LEAP Benefit	\$15,787,300	48,800	\$43,839,500	76,500	\$21,710,500	79,500
CIP	\$741,400	1,800	\$1,098,100	1,900	\$973,800	2,000
TOTAL	\$16,528,700		\$44,937,600		\$22,684,300	
Average Benefit	\$323		\$573		\$273	
Source: Department of Human Services data.						

Funding Overview

As the following table shows, a majority of LEAP's funding comes from the federal Low-Income Home Energy Assistance Program block grant. LEAP also receives cash funds each year from the Colorado Energy Assistance Foundation (CEAF) which was created in 1989 to raise funds to offset the decreasing federal funds available to help low-income households with their home heating needs. Principal funding sources for the Foundation include settlement funds resulting from the decommissioning of the Fort St. Vrain nuclear

facility, unclaimed utility deposits, a portion of unclaimed utility overcharge refunds, customer contributions, and in-kind donations.

Low-Income Energy Assistance Program Funding Sources Fiscal Years 2000 Through 2002			
Funding Source	Fiscal Year		
	2000	2001	2002
Federal Funds	\$20,006,300	\$38,059,700 ²	\$17,888,100
Cash Funds Exempt ¹	\$1,625,000	\$12,500,000 ³	\$2,500,000
TOTAL	\$21,631,300	\$50,559,700	\$20,388,100
Source: Department of Human Services budget request. ¹ This amount includes funds from the Colorado Energy Assistance Foundation. ² The federal government released additional emergency funds in Fiscal Year 2001 due to the increase in home heating costs around the country. ³ This amount includes a one-time appropriation of \$10 million from the State Severance Tax Fund.			

Energy Saving Partners Program

In addition to LEAP, we also reviewed the Energy Saving Partners Program (ESP). This program is administered by the Governor's Office of Energy Management and Conservation (OEMC) and provides year-round weatherization services to low-income households. All LEAP recipients are automatically referred to ESP for weatherization services, which include installing insulation, weather-stripping, and caulking; and arranging furnace inspections, repairs, and replacements. Services are provided by eight sub-grantee weatherization agencies around the State. These agencies include:

- Three county governments
- Three nonprofit organizations
- One local government association
- One regional council of governments

In Fiscal Year 2001 the ESP Program weatherized 3,400 homes at an average cost of approximately \$2,300 per household. The ESP Program receives funding from LEAP as well as funds from the United States Department of Energy, Xcel Energy, and CEAF. In Fiscal Year 2001 the ESP Program received a total of \$8.6 million in funding.

Application Process

Chapter 1

Background

The county social services offices are responsible for processing all LEAP applications. Counties have 50 calendar days to process standard, non-emergency applications. Emergency applications, where a shutoff notice has been received or a shutoff has already occurred, must be processed within 10 working days upon receipt. Finally, counties have four working days to process applications for Crisis Intervention Program (CIP) services. Before any application can be processed completely, county LEAP technicians must obtain sufficient documentation to support an applicant's income and his or her vulnerability to rising heating costs. For the past several years about 80 percent of standard LEAP applications have been approved.

Improve Documentation in Case Files

Department rules require that counties obtain sufficient documentation to support eligibility determinations and benefit calculations. For example, applicants must provide documentation to verify their reported income for the month prior to application and vulnerability to rising heating costs (i.e., copy of their most recent heating bill, or when heat is included in rent, a copy of their most recent rent receipt).

During our review of about 400 files from Program Years 2001 and 2002, we found that many did not contain sufficient documentation to support eligibility determinations, benefit calculations, and adherence to timeliness standards. Specifically, we found:

- 14 out of 61 files (23 percent) requiring a rent receipt did not contain one.
- 38 out of 346 files (11 percent) requiring a heating bill did not contain one.
- 44 out of 406 files (11 percent) did not contain income verification.

We also looked at approximately 300 of the files to determine if the documentation contained in the files was date stamped. Counties are required to date stamp all documentation so that reviewers can determine if applications are processed within appropriate time frames. We found that about 40 of the files (13 percent) contained documentation that was not date stamped.

In addition, we found that most applicants did not provide social security numbers or birth dates for additional household members. The Department requests that the individual applying for benefits include his or her social security number and date of birth on the application. Although the application also requests social security numbers and birth dates for additional household members, this information is not required before an application is processed. Requiring this information would help ensure that applicants accurately report the total number of household members. This is important because eligibility determinations are affected by income and household size. That is, as household size increases, so do the maximum income requirements. In addition, the larger the household, the higher the benefit payments. Inappropriately increasing household size may improve an applicant's ability to be eligible for LEAP and increase benefit awards.

The Department also finds numerous errors during its own monitoring process. In the nine recent county monitoring reports we reviewed, the Department reported errors in 69 of the 160 cases reviewed. These errors ranged from minor issues such as incorrect coding to more serious issues such as incorrect income calculations and eligibility determination mistakes. Without proper documentation it is difficult to determine if eligibility and benefits were calculated correctly. As a result, some applicants may receive benefits that they are not eligible to receive.

Recommendation No. 1:

The Department of Human Services should ensure that counties sufficiently document information used to determine eligibility, calculate benefit amounts, and determine adherence to timeliness standards for the Low-Income Energy Assistance Program by:

- a. Requiring applicants to provide a social security number and date of birth for every household member.
- b. Continuing to emphasize at trainings the supporting documentation that must be included in every file and the importance of date-stamping the documentation.

Department of Human Services Response:

- a. Disagree. Although the provision of social security numbers is not required by federal statute or regulation, the Department currently requests, but does not require, social security numbers and birth dates for identification purposes. The vast majority of applicants either provide them on their LEAP application or counties access them through other benefit programs for identity purposes.

The Social Security Number is not used for verification, federal matching, or other purposes. The requirement would cause delays in processing applications—forms would have to be returned as incomplete. Because LEAP is a time-sensitive program, these delays would be detrimental to applicants. Requiring date of birth would serve no value.

***Auditor's Addendum:** Obtaining social security numbers for all household members serves at least two important purposes. First, social security numbers provide a unique identifier for LEAP recipients that would assist the Department in tracking recipients across other benefit programs. In addition, requiring this information would help ensure that applicants accurately report the total number of household members, and thus receive the appropriate benefit amount.*

- b. Agree. LEAP trainers currently stress the need to include supporting documentation in case files and on the Report of Contact screen in the LEAP automated system. They will continue to do so. LEAP conducts formal, intensive training each fall, prior to the beginning of the new program year, for all county workers.

Enforce Time Requirements

We reviewed the timeliness of the county LEAP offices' processing of standard, emergency, and CIP applications and found that timeliness was an issue, especially for the emergency and CIP applications. There are many reasons why it is important that counties process all applications within the specified time requirements. In CIP cases, for example, there may be health or safety concerns because an applicant has a cracked furnace that is leaking carbon monoxide. In emergency cases applicants may have their heat shutoff which can also lead to health and safety issues. We found that:

- **28 of 47 (60 percent) Crisis Intervention Program cases reviewed exceeded the four-working-day requirement by 1 to 65 days.** On average, it took counties about eight working days to process these cases. As stated previously, Department rules currently require CIP cases to be *processed* within four working days of the county's receiving an application. In addition, the rules require that counties provide some form of assistance within 48 hours of application to homes experiencing a heating crisis or within 18 hours if the situation is life-threatening. There are no requirements, however, for when CIP *services* must be provided. From our review of CIP case files, we found that it was often

difficult to determine when services were actually provided due to a lack of documentation. Insufficient documentation also made it difficult to determine if a county took intermediate steps, such as supplying space heaters or blankets, to assist applicants until a permanent repair could be made. The ultimate goal of CIP is to provide services to households in need. Therefore, it is important that these services be provided as soon as possible. In addition to having a requirement that counties *process* CIP applications within four working days, it would be beneficial to also have a requirement for counties to ensure *services* are actually provided within a certain time frame.

- **34 of 135 (25 percent) emergency cases reviewed exceeded the 10-working-day requirement by 1 to 70 days.** A majority of the cases that exceeded the 10-working-day requirement were from the 2001 LEAP season when many counties experienced difficulties due to a significant increase in applications. In emergency cases, Department rules require counties to process applications within 10 working days and contact the utility vendor as soon as they receive an application to prevent service from being discontinued. During our file review we were able to evaluate the number of days it took to process the emergency applications. The files, however, did not usually contain sufficient documentation to show when the utility vendor was contacted.
- **38 of 274 (14 percent) standard cases reviewed exceeded the 50-day requirement by 1 to 66 days.** A majority of the cases that exceeded the 50-day requirement were from the 2001 LEAP season when many counties experienced difficulties due to a significant increase in applications. For the other years, most cases were processed within the 50 days. Consequently, we question whether 50 days is too long and whether counties should be required to process standard LEAP applications within a shorter time frame. We surveyed other states' programs to determine their time requirements for processing standard LEAP applications in order to compare them with Colorado's requirements. We found that a majority of the states surveyed have a 30-day time requirement for processing standard applications. In fact, Colorado's 50-day requirement is the longest of the states surveyed that have established time requirements.

Recommendation No. 2:

The Department of Human Services should improve the timeliness of the Low-Income Energy Assistance Program application process by:

- a. Implementing a time requirement for counties related to the amount of time counties have to provide Crisis Intervention Program services.

- b. Continuing to emphasize to county personnel at trainings the importance of documenting all actions taken on a case.
- c. Evaluating the 50-day time requirement for processing standard applications and taking steps to reduce the number of days.

Department of Human Services Response:

- a. Partially agree. Department rule 3.756.20 requires LEAP to provide “some form of assistance” within 48 hours, and within 18 hours for life-threatening situations, which the program is meeting. Such assistance is for stopgap measures to alleviate the immediate crisis. It is impractical to set a time limit for the provision of a permanent remedy, e.g., a new furnace, as the program cannot control the time it takes contractors to obtain parts and equipment.

***Auditor’s Addendum:** As noted in the discussion, we found that it was often difficult to determine when services were actually provided due to a lack of documentation. This includes both stopgap measures and permanent remedies. Although the Department and the counties may not be able to control the exact date permanent services are provided, it is still important that both make a concerted effort to ensure services are provided as quickly as possible.*

- b. Agree. LEAP trainers currently stress the need to collect or cite supporting documentation. Such documentation may be located in the LEAP case file or cited on the Report of Contact (ROC) screen in the LEAP Management Information System as being located in another program case file, such as Food Stamps, TANF, or Adult Categories.
 - c. Partially agree. The auditors’ comparison to other states’ time limits may be inappropriate, as programs are often dissimilar from one state to another. Nevertheless, the Department will evaluate the 50-day ceiling to determine if shortening it will jeopardize the program’s ability meet any new limit while continuing to place a priority on addressing emergency cases. LEAP must first process applicants facing service discontinuance or heating system emergencies, while ensuring non-emergency applicants are processed and receive benefits in a timely manner.
-

Ensure Timely Appeals Process

Department rules state that LEAP applicants have the right to appeal county decisions in the following situations:

- The application has been denied.
- The applicant disagrees with the benefit calculation.
- The applicant's eligibility has been terminated.
- The application has not been acted upon within the appropriate time period.

According to the rules, applicants have 20 days from the notice date to request a county evidentiary hearing on a denial or one of the other decisions described above. If the applicant is not satisfied with the hearing decision or if the applicant chooses to bypass the county hearing process, the applicant can appeal the county decision to the State Division of Administrative Hearings where it will be heard by an administrative law judge. The administrative law judge then has 20 days from the date of the hearing to issue a decision. The Department's Office of Appeals reviews all administrative law judge decisions and then issues a final agency decision. Overall, the Department must issue its final agency decision within 90 days from the date of the request for a hearing before the administrative law judge. An applicant who disagrees with the final agency decision has 30 days to appeal the decision to the district court.

The timeliness of the appeals process is important for several reasons. For example, there may be health and safety issues in CIP cases when a county erroneously determines that the applicant is not eligible for benefits. In basic LEAP cases, an applicant's heat may be shutoff if a county incorrectly calculates eligibility or the benefit amount and the appeals process takes too long to resolve.

Although few LEAP cases are appealed to the Division of Administrative Hearings, we found that timeliness was an issue for those cases that were appealed. We reviewed the LEAP appeals process and found that most final agency decisions are not issued within the 90-day time requirement. Specifically, we found:

- In Fiscal Year 2001, 13 out of 17 final agency decisions were not issued within 90 days from the date of application for hearing. The average number of days from application for hearing to final agency decision was 123 days.
- In Fiscal Year 2000, 24 out of 28 final agency decisions were not issued within 90 days from the date of application for hearing. The average number of days from application for hearing to final agency decision was 176 days.

We found that the longest part of the appeals process occurs from the time the Division of Administrative Hearings receives a hearing application and the date of the hearing. In Fiscal Year 2001 the average number of days from application to hearing was 89 days. This compares with an average of 121 days in Fiscal Year 2000. Although there are no time guidelines for the Division of Administrative Hearings to follow when setting LEAP hearing dates, the Department must meet its 90-day requirement for issuing a final agency decision. The Department's ability to meet this time frame, however, is contingent upon the time the Division of Administrative Hearings takes to hear a case. Therefore, it is important that the Department enter into a service-level agreement with the Division of Administrative Hearings to establish time frames for LEAP cases that allow the Department to issue its final agency decisions within 90 days.

Recommendation No. 3:

The Department of Human Services should work with the Division of Administrative Hearings to improve the efficiency of the Low-Income Energy Assistance Program appeals process by entering into a service-level agreement with the Division to establish time guidelines for the various steps in the appeals process.

Department of Human Services Response:

Agree. The Department will jointly develop and enter into a service-level agreement with the Division of Administrative Hearings, specifying appeals time requirements. It should be noted that in 2000-2001 there were over 90,000 LEAP applications and only 17 appeals. All these appeals were decided in favor of the agency.

Division of Administrative Hearings Response:

Agree. The Division of Administrative Hearings ("DOAH") is committed to assisting the Department of Human Services ("DHS") in its efforts to meet its regulatory deadlines. DOAH will work with DHS to improve the efficiency of the Low-Income Energy Assistance Program appeals process by entering into a service-level agreement that reflects appropriate guidelines for processing cases within the regulatory time period. DOAH has already taken steps, within existing resources, to increase efficiencies in docketing all DHS and HCPF cases by adding additional hearings to each docket day and by adding additional docket days each month.

Streamline Application Forms

The Department currently has two application forms: the standard application form and the short application form. A majority of applicants receive the standard application form, which is four pages long and requires information such as the names of household members and employers, household income, living arrangements, rent or mortgage amounts, heating sources, and how the applicant heard about LEAP. Applicants must complete the application and provide all necessary supporting documentation. The short application form is sent only to individuals who received LEAP assistance the previous year and who also receive Old Age Pension benefits. This group was selected to receive the short form because they usually have a fixed income and their living arrangements are usually stable. The short form is one page and the applicant's information has already been filled in by the Department. The applicant must review the information for accuracy and report any changes, as well as provide documentation to support the changes if appropriate.

Once an application has been processed, counties send eligibility notices to applicants to let them know if they have been approved or denied for benefits. If approved, the notice includes the benefit amount and date payment(s) will be made. If an applicant is denied, the notice includes a reason for the denial and a referral to the Heat Help Line to call for alternative sources of assistance. All eligibility notices are printed in English but include a sentence in Spanish to call the Department of Human Services if the applicant cannot understand the information on the notice.

After reviewing the LEAP application, we identified several areas where improvements are needed. Specifically, we found the following:

- **The Department should determine if additional LEAP recipients can receive the short application form.** Many repeat LEAP recipients, such as the elderly and disabled, have fixed incomes and their situations change little from year to year. Most of these households, however, must complete a standard application form and submit the necessary documentation each LEAP season. We recognize that LEAP is not an entitlement program and that applicants need to apply to receive benefits and document any changes in income or living arrangements. Even so, increasing the number of individuals who receive the short form would streamline the application process for both the counties and the individuals who continually are eligible to receive LEAP benefits.
- **The Department should consider including more information in Spanish on the eligibility notices.** The Department reports it distributes thousands of Spanish applications each year. As mentioned previously, eligibility notices currently include a provision in Spanish that instructs applicants to call the county

social services office if they do not understand the notice. This makes the process cumbersome for Spanish-speaking applicants. After reviewing the eligibility notice form, we believe there is enough space to print at least the basic eligibility information in Spanish. This would make it easier for applicants as well as potentially reduce the number of phone calls made to the counties.

- **The Department should emphasize energy conservation to LEAP applicants.** Federal statutes allow states to use up to 5 percent of their federal LEAP-related allocation to provide services that encourage and enable households to reduce their home energy needs and, as a result, reduce their need for energy assistance. According to the Department, it has never used LEAP funds for this purpose because it already gives 15 percent of its federal block grant to the Energy Saving Partners (ESP) Program for that purpose. Because all LEAP recipients must agree to have their homes weatherized through the ESP Program, they will receive energy conservation information at that time. As we discuss in Chapter 4, however, two of the ESP weatherization agencies have extensive waiting lists for services. This means that it could be quite a while before some LEAP recipients receive energy conservation information from the ESP Program. In addition, households that do not qualify for LEAP assistance will probably not qualify for ESP weatherization services, because it has stricter income requirements. By emphasizing the importance of energy conservation, the Department may be able to reduce the dollar amount needed for cash assistance.

Recommendation No. 4:

The Department of Human Services should improve the effectiveness and efficiency of the Low-Income Energy Assistance Program application process by:

- a. Periodically assessing if there are additional populations who would qualify to receive the short application form.
- b. Assessing the eligibility notice to determine if additional information on the notice can be included in Spanish.
- c. Continuing to evaluate alternatives for providing energy conservation information to LEAP applicants.

Department of Human Services Response:

- a. Agree. The Department empaneled a task force in 2000 to study this issue. The panel concluded that the only group whose addresses and incomes remain stable enough to employ a short application for are Old Age Pension recipients. The Department has re-evaluated use of the short application every year since, and will continue to do so.
 - b. Agree. The LEAP Notice to Client has been re-drafted in Spanish and English. The Department will begin using the new notices at the start of the 2002-03 heating season.
 - c. Agree. The Governor's Office of Energy Management and Conservation, the Colorado Energy Assistance Foundation, utility companies, and other agencies currently provide this information. The Department will continue to explore options to expand access to conservation materials.
-

Oversight

Chapter 2

Background

As mentioned previously, LEAP is a state-supervised and county-administered federally funded program. As such, county social services offices process applications, determine eligibility, and notify applicants of their eligibility status and benefit awards. During the audit we visited ten counties around the State to determine how each county actually administers LEAP at the local level.

The Department of Human Services is responsible for providing the necessary directives and oversight for the management of the program at the state level. One of the Department's oversight roles is to monitor county performance to ensure that state and federal requirements are met and cases are handled properly. In addition, the Department is responsible for monitoring all program funding. Specifically, the Department allocates all funding and processes benefit payments made to LEAP recipients.

Improve Tracking of Administrative and Outreach Expenditures

Each year, the Department allocates a portion of LEAP funding for administrative expenses. These funds are intended to cover the actual cost of operating LEAP. Administrative expenses include items such as salaries, facility costs, and postage for disseminating eligibility notices. Federal statutes limit the amount of funds a state may use for planning and administering LEAP to 10 percent of the State's total federal allocation. In Fiscal Year 2001 the Department could have used up to about \$4 million for administrative costs at both the state and county levels. The Department reports that in Fiscal Year 2001 the State and the counties spent a total of \$2.6 million, or 6 percent of the federal allocation, to administer LEAP.

The Department also sets aside funding for outreach activities. Outreach funds are allocated from the basic LEAP benefit pool. There are no federal limitations on the amount a state can spend on LEAP outreach, but limiting these expenses is important because

funding comes from the dollars allocated for benefits. In Fiscal Year 2001 the State and the counties spent almost \$624,000 on outreach. Outreach activities include sending out applications to prior LEAP recipients and individuals receiving public assistance, distributing posters and handouts, and placing advertisements in newspapers. The purpose of these activities is to inform potentially eligible individuals about LEAP and the benefits that are available.

County administrative and outreach allocations are determined on the basis of caseload. That is, the previous year's caseload is used to determine what proportion of the funds set aside the next year for local-level administrative and outreach costs the next year a county will receive. For example, if a county's Fiscal Year 2000 caseload represented 5 percent of the total state caseload, that county would have received 5 percent of the total funding allocated for county administrative costs and 5 percent of the total funding allocated for county outreach costs in Fiscal Year 2001.

During our audit we reviewed the Department's method for tracking administrative and outreach expenditures and found there are inadequate controls in place to ensure the Department is complying with the federal 10 percent limitation on administrative expenditures. For example, although the Department reported that its administrative expenditures for Fiscal Year 2001 represented only 6 percent of its federal allocation, the problems with timekeeping and accounting practices discussed below made it impossible for us to determine if this figure was accurate. Further, although expenditures may be reviewed by the Department's internal audit unit and through other state-level monitoring processes, none of these monitoring approaches are frequent or thorough enough to provide the necessary assurance that counties are appropriately charging administrative and outreach expenses. County LEAP offices are required to document and report all administrative and outreach expenditures in the Department's County Financial Management System. This system tracks county expenditures for all human services programs and allows counties to specifically code LEAP expenditures as either an administrative or outreach expense. We found several problems with how counties currently track LEAP expenditures. Specifically:

- **Some counties do not use any of their LEAP administrative or outreach allocations.** In Federal Fiscal Year 2001 we found that seven counties did not charge anything to the LEAP administrative cost code, even though they had LEAP caseloads ranging from 24 to 204 cases. (See Appendix for listing of caseloads and administrative and outreach expenditures for all counties.) Although county staff obviously spent time processing these cases, none of this time was charged to LEAP, resulting in an understatement of administrative costs. In addition, in Federal Fiscal Year 2001 there were 16 counties that did not charge any expenditures to the LEAP outreach code. Counties are allocated outreach

funds and are required to conduct outreach in their communities. These counties either did not conduct any outreach during this time period or did not appropriately charge LEAP for their expenditures.

- **Some counties do not use one of the Department's approved time reporting methods to document the time staff spend managing and processing their LEAP caseloads.** During our review we found that three of the ten counties we visited did not use one of the Department's approved time reporting methods to account for the staff time spent on LEAP. Department policy requires counties to document the amount of time staff spend on a particular program by using direct time reporting, 100 percent time reporting, or random moment sampling (RMS). Direct time reporting is used when staff spend all of their time on LEAP. Generally, direct time reporting is used by larger counties that have LEAP-only staff. We did not find any problems in this area. In many small- and medium-sized counties, however, staff may work on several programs at once because LEAP caseloads are not sufficient to warrant a full-time employee. When staff split their time between multiple programs, they must use 100 percent time reporting or RMS to determine how much time should be charged to a particular program. With 100 percent time reporting, staff must track the time they spent on a program, using 15-minute increments. This information is then used to allocate personal services costs to the appropriate program. With RMS, staff are selected at random and asked on what program they are working. Software is then used to project the average time spent on each program for each staff member and to allocate expenses. Four of the smaller counties we visited have staff who work on multiple programs at one time. Three of these counties, however, do not use 100 percent time reporting or RMS. These three counties also have not been charging LEAP for any of the time that staff spend on this program. We were unable to determine how the counties accounted for their time or if the time was inappropriately charged to other programs. If staff time is being spent on LEAP and the costs associated with this time are not properly allocated to LEAP, administrative costs will be understated.
- **The amount that counties spent of their LEAP administrative and outreach allocations varied significantly.** In Federal Fiscal Year 2001, 46 counties underspent their \$1.9 million administrative allocations by almost \$610,000 (33 percent), and 27 counties underspent their \$269,000 outreach allocations by almost \$132,000 (49 percent). Conversely, 15 counties over-spent their \$227,000 administrative allocations by a total of about \$88,000 (39 percent), and 11 counties overspent their \$60,000 outreach allocations by a total of about \$57,000 (95 percent).

During our review we found that it is difficult to determine the reasons for the expenditure variances. According to the Department, most over- and under-expenditures are due to coding errors by the counties. That is, counties code expenses as administrative when they should be coded as outreach or vice versa, even though the Department provides training to county staff on the appropriate coding of LEAP expenditures. In addition, although the Department requests an explanation when it identifies overexpenditures, it does not require that counties provide documentation to explain why the error occurred. We also found that although the Department has provided counties with a list of approved outreach expenditures, it has not provided them with a list of approved administrative expenditures. These lists would assist counties in determining how expenses should be coded and could reduce the number of coding errors that occur. Further, if the overexpenditures are not the result of coding errors, then the Department's policy is to recover the excess by deducting that amount from the county's appropriation the following year. The Department, however, has enforced this policy only once in the past three years.

Although we recognize that some of the underexpenditures may be due to county efficiency, others may be due to problems with the Department's allocation methodology. As mentioned previously, the Department allocates administrative and outreach funds on the basis of caseload. Because such a large number of counties are not spending the amount allocated, caseload may not be the most appropriate basis for determining county allocations.

Recommendation No. 5:

The Department of Human Services should improve the accuracy of county administrative and outreach expenditure reporting for the Low-Income Energy Assistance Program by:

- a. Ensuring counties use one of the approved methods for reporting the time staff spend managing and processing LEAP cases.
- b. Developing and disseminating specific guidelines on the appropriate uses of administrative funds.
- c. Continuing to emphasize to county program and fiscal staff the importance of appropriately coding LEAP administrative and outreach expenditures.
- d. Requiring counties to fully document reasons for overexpending administrative and outreach allocations and/or recovering county administrative and outreach overexpenditures each year.
- e. Reassessing its methodology for allocating funds.

Department of Human Services Response:

- a. Agree. The Department issued an Agency Letter in 2002 instructing county human services departments to use one of the approved methods for personnel time tracking.
- b. Agree. The Department will develop these guidelines and train county staff on their application at LEAP training. The Department will also issue these guidelines to each county human services department through the agency letter process.
- c. Agree. The Department will continue providing this instruction as part of its ongoing training of county business office staff.
- d. Agree. The Department currently requires counties to document the reasons for administrative and outreach over-expenditures, and will continue to do so. Department staff also notifies counties why over-expenditures are being recovered.
- e. Agree. The Department recently convened a state/county task force, which recommended that the outreach allocation methodology be modified. As part of this, the Department will implement an Outreach Incentive Program beginning this winter.

Improve Program Oversight

As mentioned previously, the Department is responsible for monitoring LEAP to ensure that the program is administered in accordance with state and federal requirements. This includes monitoring county LEAP offices to ensure cases are processed properly and monitoring utility vendors to ensure LEAP benefits are applied to the appropriate accounts. During our review we identified several issues related to the Department's current monitoring process. Specifically, we found:

- **Many counties have not been reviewed for a significant period of time.** Specifically, 8 counties have not been monitored since 1989 and 34 counties have not been monitored since 1996. In addition, we found that the Department's current process does not allow for timely follow-up with counties when errors are found. As mentioned in Chapter 1, in the nine recent county monitoring reports that we reviewed, the Department reported errors in 69 of 160 cases. Errors

included incorrect income calculations, inappropriate eligibility determinations, untimely application processing, and inadequate supporting documentation. According to the Department, counties are required to prepare a corrective action plan that addresses the errors. During our review, however, we found that many counties did not submit a corrective action plan until months after the monitoring visit. Even when counties did submit a corrective action plan, the Department did not follow up with the counties in a timely manner to ensure the appropriate corrective actions were taken.

- **Payments to utility vendors are not monitored to ensure they are applied to the appropriate customer accounts.** The agreements between the State and utility vendors contain a provision that allows the Department to monitor client benefit payments. The Department has not monitored these payments in the past but has instead relied on clients to notify the Department if the correct benefit amount is not credited to their account. Monitoring would help ensure that individuals receive credit for the full LEAP benefit amount for which they are eligible.

Department rules require state LEAP staff to develop a monitoring plan that should include provisions for programmatic and local reviews and methods for ensuring corrective actions are taken in a timely manner. We found that the Department has not developed a formal monitoring plan or schedule for reviewing county LEAP offices. According to the Department, because it has a limited number of staff and limited time to devote to monitoring, it has focused its efforts on larger counties because these counties process a majority of the State's LEAP cases and because these counties often have high staff turnover. Staff have also stated that they visit counties that have asked for technical assistance or seem to be experiencing difficulties. This approach results in many small- and medium-sized counties not receiving the proper oversight by the Department.

In addition, at each county visited, the Department interviews county staff and reviews 20 case files to determine if eligibility and benefit amounts were calculated correctly and to see if the files contain sufficient supporting documentation. We believe that the Department may need to set guidelines to expand the number of files it reviews at counties when a significant number of errors are identified. For example, the Department may decide that if 20 percent or more of the files reviewed contain errors, a larger sample should be selected so that the root cause of the errors can be determined. We found that for eight of the nine county monitoring reports we reviewed, the Department found errors in 20 percent or more of the cases contained in its sample. Further, the Department found errors in 50 percent or more of the cases reviewed at five of the nine counties. These results indicate that more oversight is needed to ensure eligibility and benefits are calculated correctly.

In addition to the monitoring conducted by state LEAP staff, the Field Audits Section within the Department conducts county financial compliance audits for county-administered social services programs. Although these audits are not necessarily program specific, Field Audits staff have stated that they will monitor areas of concern identified by program staff. Currently, however, LEAP staff do not regularly inform the Field Audits Section of the counties they have monitored or of problem areas identified during their review. Without this information, Field Audits staff will not know to focus on LEAP while performing their financial compliance reviews at specific counties where problems have been found. State LEAP staff could maximize their monitoring coverage by maintaining better communication with the Field Audits Section.

Recommendation No. 6:

The Department of Human Services should improve its oversight of the Low-Income Energy Assistance Program by:

- a. Developing a plan for monitoring county LEAP offices which establishes a review cycle that ensures every county gets audited on a regular basis and that tailors file reviews to consider factors such as caseload size, previous problems noted, and any other relevant factors.
- b. Enforcing the requirement that counties prepare a corrective action plan in a timely manner to address any problems discovered by Department staff during their review and following up on these plans in a timely manner to ensure problems have been remedied.
- c. Periodically monitoring a sample of benefit payments made directly to utility vendors to ensure funds are credited to the appropriate LEAP client accounts.
- d. Maintaining better communication with the Field Audits Section regarding the counties that have been monitored and any areas of concern identified.

Department of Human Services Response:

- a. Agree. Although there are no federal statutory or regulatory requirements for monitoring, the Department currently maintains a schedule, which places a priority on monitoring counties with the largest caseloads. LEAP staff also place a priority on monitoring counties with discernable issues and those that request state assistance. LEAP will continue in this manner, prepare a five-

year monitoring plan, and do everything it can to review all counties periodically. Staff will continue to tailor reviews according to the above noted factors.

- b. Agree. The Department currently enforces this requirement, will continue to do so, and will follow up to ensure compliance.
- c. Disagree. LEAP presently makes payments electronically to utility companies, which then electronically credit them to customer accounts. There is little room for misapplication of these payments. In addition, clients receive notices advising them of their benefit amounts, when the payment will be made, and to whom. The Department, through its Field Audits Division, investigates, as requested by clients or counties, the rare complaints against utility vendors. This has worked very effectively.

***Auditor's Addendum:** Periodically verifying that LEAP payments are credited to the appropriate account is a basic control that should be in place to ensure public dollars are being used appropriately.*

- d. Agree. LEAP has maintained excellent communication and a strong working relationship with Field Audits over the years and will continue to share information with them including results of monitoring reviews and areas of concern.

Improve Communication With Utility Providers

The Department has entered into vendor agreements with 153 utility providers around the State. In general, by entering into an agreement with the Department, a utility provider agrees to continue services for at least 60 days after it has been notified by the county that a household has been approved for basic LEAP benefits. There are two exceptions to this requirement. First, if a household is in a pending shutoff situation and the LEAP benefit is less than 25 percent of the household's arrearage, or second, if the household is in a shutoff situation and the benefit is less than 50 percent of the household's arrearage, the provider has the discretion to refuse the benefit payment and is not required to continue service. The terms of the vendor agreement also apply to emergency situations. Specifically, if a vendor is notified by the county LEAP office that a household has applied for basic LEAP benefits, the vendor agrees not to terminate services for ten working days after it has been notified that the application was received or until the vendor is notified of

the household's eligibility determination. This allows the county to determine eligibility before the shutoff occurs. Utility providers are willing to enter into these agreements because they are assured payments for LEAP-eligible households where none might be forthcoming otherwise.

Overall, it appears that the Department has a good relationship with its vendors. During the audit, however, we reviewed the Department's process for notifying utility providers when households either apply for or are approved for LEAP benefits and found that improvements are needed. Currently the Department sends weekly and monthly notifications to all utility providers of the households that are eligible for LEAP and the amounts that should be credited to their accounts. The five largest utility providers are notified electronically by the State. For the smaller utility providers, the Department sends an electronic notification to the counties and the counties must then mail or fax this information to the vendors in their service area. According to some of the smaller vendors, many counties do not convey this information in a timely manner. This can be a problem because the 60-day minimum service period begins as soon as the utility provider is initially notified that a household has been approved for LEAP benefits.

Instead of relying on the counties to forward the eligibility lists to utility providers, the Department should electronically notify the smaller vendors, when possible, just as it does the five large vendors. Electronic notification would help ensure that utility providers receive timely notification of when to begin the 60-day minimum service period and, therefore, avoid service interruptions to eligible LEAP applicants.

Recommendation No. 7:

The Department of Human Services should improve its communication with utility providers by electronically notifying them, when possible, of the households that are eligible for the Low-Income Energy Assistance Program and the benefit amounts that will be awarded.

Department of Human Services Response:

Agree. As the audit report noted, the Department maintains excellent relations with utility vendors as evidenced by recent surveys. LEAP is currently providing electronic notification to the State's five largest vendors (accounting for 86 percent of all payments in 2001-02) and is developing the methodology to transmit "projected payments" electronically to other utility vendors capable of receiving them.

Monitor Crisis Intervention Program Funds

As mentioned previously, the purpose of the Crisis Intervention Program (CIP) is to provide assistance to low-income individuals who are experiencing a home heating-related crisis. According to Department rules, a home heating-related crisis includes the following:

- Heating system failure.
- Window breakage.
- Emergency snow removal.
- Emergency clothing, blankets, shelter, and/or alternative fuel provision.
- Energy costs to operate a life support system.
- Any other crises related to home heating costs, other than the payment of utility/fuel bills.

LEAP households are eligible to receive up to \$1,200 in CIP services each year. When a county LEAP office receives a CIP application, the county technician will process the application and then contact either a private vendor or the Energy Saving Partners (ESP) weatherization agency in the area about the emergency. The vendor or weatherization agency will then go out to the home and determine what repairs are needed and the estimated cost of the repairs. Because of the emergency nature of the situation, the vendor or weatherization agency will usually call the county LEAP technician to receive verbal approval for the repair. Once the services are provided, the private vendor or weatherization agency bills the county LEAP office for materials and labor. In Fiscal Year 2001 about 1,900 LEAP households received CIP services.

During the audit we interviewed county staff and reviewed case files to determine what steps are taken to ensure appropriate CIP services are provided. We found that staff at only two of the ten counties we visited follow up with CIP clients to ensure that the private vendor or weatherization agency provided the appropriate services. Instead, staff report that they rely on CIP clients to call and complain if their heating problem is not fixed. Currently neither the Department nor the counties are required to conduct any type of follow-up on CIP cases to ensure repairs were completed and funds were used appropriately. A follow-up phone call by county staff to the CIP recipient would provide some assurance that the work was actually completed. In addition, we observed during our file review that most vendors and weatherization agencies provide a very limited description of the services provided and materials used for the repair on the invoices submitted to the county LEAP offices. A more detailed invoice would provide county staff a written record of the work completed and the materials used and make the vendor or weatherization agency more accountable for the repairs.

In addition to the actions described above, requiring clients to sign a form indicating that work has been completed for CIP cases is another step the Department could take to ensure that CIP funds are used appropriately. We found that the ESP Program already has a similar requirement in place for homes receiving weatherization services. The Department could require that clients sign the detailed invoice described above to indicate that the appropriate services were provided. In addition, contingent on funding availability, the Department could contract with independent private vendors around the State to inspect a sample of homes where CIP repairs were made to verify that the work described in the invoice was actually completed. Although none of these steps alone will ensure that CIP funds are used appropriately, all of them used in conjunction will provide more assurance than is currently obtained.

Recommendation No. 8:

The Department of Human Services should improve its oversight of the Crisis Intervention Program by:

- a. Requesting that county LEAP offices randomly follow up with individuals receiving CIP services to ensure that the appropriate services were provided.
- b. Requiring private vendors and weatherization agencies to submit detailed invoices to county LEAP offices that clearly describe the CIP services provided and materials used and that contain a client signature indicating the appropriate services were provided.
- c. Periodically contracting with independent private vendors to inspect a sample of the homes where CIP repairs were made to verify that the work described in the invoice was actually completed.

Department of Human Services Response:

- a. Disagree. LEAP will require contractors to obtain recipient signatures affirming that the CIP work was completed and to submit detailed invoices (see “b” below). This should be adequate to ensure the services were provided. Also, we rely on customer complaints to alert us if the work is not satisfactory. While clients rarely complain about the services provided, LEAP staff address their issues when they do. Of approximately 1,900 CIP recipients in 2001-02, LEAP received very few complaints.

- b. Agree. Rules have been drafted and will be presented to the Colorado Board of Human Services in August 2002, which, if passed, will require counties to obtain detailed invoices and client signatures for all CIP jobs.
- c. Disagree. As noted above in 8a., the Department receives very few complaints about the quality of CIP work. New requirements (see 8b. above) that recipients sign statements affirming the work was satisfactorily completed, and that contractors submit detailed invoices, should be sufficient verification for the vast majority of CIP jobs. The Department will refer any subsequent client complaints to Field Audits if counties or program staff cannot resolve them. Hiring private vendors for inspections is not necessary.

***Auditor's Addendum:** Approximately \$1 million is spent each year to provide CIP services. It is the Department's responsibility to establish the controls necessary to ensure these funds are spent appropriately. Randomly following up with CIP recipients to verify that the appropriate services were provided would not be a very time consuming process, yet it would provide additional assurance that public funds are being used for their intended purpose. In addition, many of the CIP repairs are complicated and technical in nature. Having an expert inspect some CIP repairs would provide an additional control over the expenditure of these funds.*

Maximize Funding for Crisis Intervention Program Services

The Department uses funding from the basic LEAP benefit pool to provide CIP services such as the replacement or repair of furnaces and windows. That is, for every dollar spent on CIP services, there is one less dollar available for basic LEAP benefits. During the audit we found there might be additional sources of funding available for CIP, thus freeing up money for basic LEAP benefits. Specifically:

- **The Department could require counties to make a documented effort to obtain contributions from landlords for CIP recipients who live in rental properties.** In Fiscal Year 2001, 642 of the 1,900 households (33 percent) receiving CIP services were living in rental properties. Colorado's ESP Program requires landlords to pay a minimum of 50 percent of the costs associated with furnace replacements in rental properties because they are considered to be a property enhancement. We are aware of at least six other states that solicit matching or partial contributions from landlords to help pay for weatherization

services. Currently the Department encourages, but does not require, counties to seek landlord contributions.

- **The Department could require counties to make a documented effort to obtain contributions from local housing authorities for CIP recipients who live in subsidized housing.** In Fiscal Year 2001, 73 of the 1,900 CIP recipients (4 percent) lived in a subsidized housing unit. The ESP Program requires that housing authorities pay 100 percent of the costs of furnace replacements in public subsidized housing units. We found one other state that solicits housing authority contributions for weatherization services provided to subsidized properties. Currently the Department encourages, but does not require, counties to seek housing authority contributions.

Although we recognize that the Department cannot require a landlord or housing authority contribution as a condition of providing CIP services, it can make a more concentrated effort to solicit contributions. These contributions would free up additional resources for basic LEAP benefits. For example, in Fiscal Year 2001 the Department could have collected more than \$429,000 if it had obtained a \$600 contribution (i.e., 50 percent of the maximum CIP benefit) from landlords for each of the 642 rental homes receiving CIP services and from the local housing authorities for each of the 73 subsidized housing homes receiving CIP services. This \$429,000 would have been available for additional CIP and basic LEAP benefits. In addition, the Department could have reported this amount as additional funds raised and received more federal leveraging funds as a result. The federal Low-Income Home Energy Assistance Program offers states additional leveraging funds as an incentive for raising their own supplemental funds for the program.

Recommendation No. 9:

The Department of Human Services should pursue alternatives through pilot programs or studies, to increase the amount of funding available for the Crisis Intervention Program by requiring counties to seek a landlord or housing authority contribution for CIP repairs made to rental or subsidized housing properties.

Department of Human Services Response:

Agree. The Department will conduct a study to evaluate the feasibility, potential benefits, and recipient ramifications of such a policy. In addition, the research will examine such issues as: the potential for delays in eligibility processing and the provision of necessary repairs, contribution estimates, administrative processing costs, and potential negative actions against clients such as evictions or rent increases.

Outreach

Chapter 3

Background

The Department of Human Services and the county LEAP offices are responsible for conducting outreach for LEAP. According to federal requirements, the Department must conduct outreach activities that are designed to ensure that all eligible households, especially the elderly and disabled, and households with high energy burdens, are made aware of the LEAP assistance available to them. In addition, Department guidelines require that county LEAP offices conduct outreach that focuses on potentially eligible individuals, with special emphasis on the most vulnerable (e.g., the elderly, disabled, homebound, and non-English-speaking populations). Colorado outreach activities include:

- Mass mailings of applications and informational material.
- Media campaigns including television, radio, and newspaper ads.
- Informational inserts in heating bills.
- Posters, billboards, and bus bench ads.
- Distribution of information and visits to community centers, schools, churches, and other local organizations.
- Promotion of LEAP via other agencies and organizations, such as through the Property Tax Credit application, the Energy Saving Partners (ESP) weatherization application, and in Colorado Energy Assistance Foundation (CEAF) literature.
- Word of mouth in county social services offices.

Reassess Allocation of Outreach Funds

Outreach funds are allocated from the basic LEAP benefit pool and there are no federal or state restrictions on the amount of funds that can be used for outreach. For the past three years, the Department has allocated a total of \$600,000 for state and county outreach. Of this amount, \$100,000 has been set aside for state outreach and \$500,000 for county outreach. According to the Department, it decided to use the \$600,000 figure because it seems fair and reasonable and does not extend too much into the basic benefit pool. We found, however, that the Department has not assessed the continuing

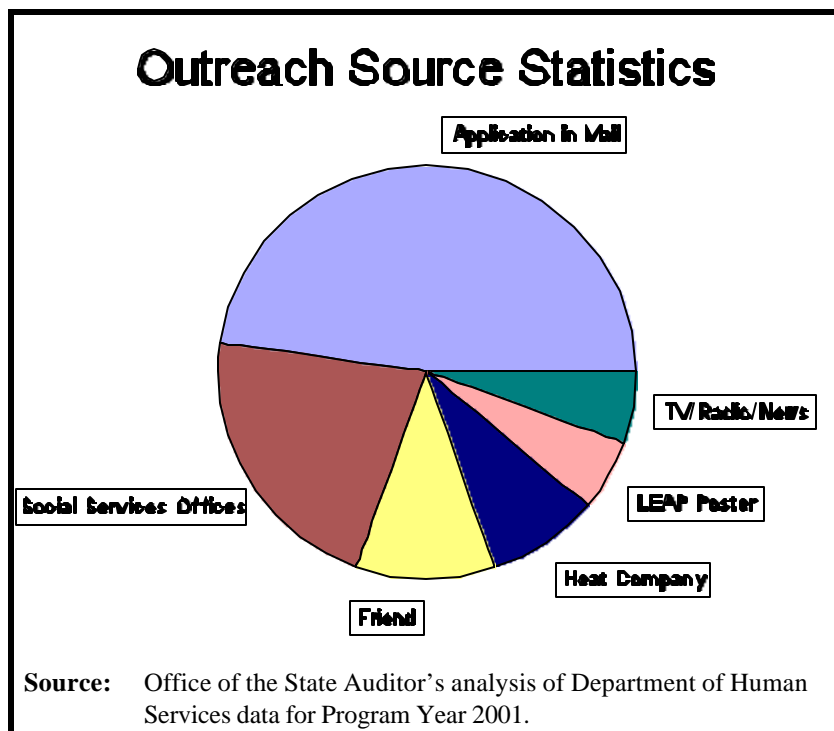
appropriateness of either the \$600,000 total outreach amount or the current funding split between the counties and the State.

According to the Department, it allocates \$500,000 each year to the counties because they conduct a majority of the State's outreach activities. This then leaves \$100,000 for state-level outreach. As the following table shows, however, the amount spent by the counties, by the State, and for outreach as a whole has varied significantly over the past three years. In Federal Fiscal Years 1999 and 2000 a total of about \$500,000 was spent—\$100,000 less than the amount budgeted. In Federal Fiscal Year 2001, however, more than \$600,000 was spent on outreach, with the State's share representing almost three times its original allocation. On the other hand, county outreach expenditures have been steadily decreasing.

LEAP Outreach Expenditures Federal Fiscal Years 1999 Through 2001				
Source	Amount Allocated	Actual Expenditures		
		1999	2000	2001
State	\$100,000	\$54,500	\$82,600	\$261,000*
Counties	\$500,000	\$453,700	\$413,600	\$362,800
TOTAL	\$600,000	\$508,200	\$496,200	\$623,800
Source: Office of the State Auditor's analysis of Department of Human Services data. * This amount includes \$50,000 from Xcel Energy.				

The fluctuations in these expenditures are one reason that the Department needs to reassess the amount it allocates to outreach overall and, more specifically, the amount it sets aside for the state and county portions.

Although the amount of outreach funds spent at both the state and county levels and for the State as a whole has changed significantly during the past three years, the Department has not used outreach statistics data to reassess its allocation methodology. Currently the Department collects source statistics on the LEAP application to identify how applicants heard about LEAP. The purpose of collecting this information is to assist the Department and the counties in determining which forms of outreach are the most successful, and thus, where to focus outreach funds. We reviewed the Program Year 2001 source statistics for the State as a whole and found that the most frequently mentioned outreach methods are also some of the least costly. As the following chart shows, a majority of applicants stated that they heard about the Program because of the LEAP application they received in the mail.



The chart also shows that some of the most costly forms of outreach, such as television and radio announcements, were the least mentioned outreach sources.

We found that the Department and counties rarely use this information when planning outreach activities and setting an outreach budget. Although we recognize that the statistics may not be completely accurate because more than one outreach activity may have influenced an individual to apply for LEAP, the information is still useful. The information comes directly from the applicants, who will most likely indicate the activities that had the most impact on them. The Department should use source statistics and any other relevant data when determining the amount that should be spent on outreach at both the state and county levels. In addition, the Department should provide counties with their own individual source statistics that can be used when planning outreach activities. If the Department can reduce the outreach budget and still effectively inform potentially eligible individuals of the program, this would free up more money for basic LEAP and CIP benefits.

Recommendation No. 10:

The Department of Human Services should review its outreach allocation methodology for the Low-Income Energy Assistance Program by:

- a. Periodically analyzing source statistics to determine the most effective outreach activities.
- b. Reassessing its methodology for determining the overall outreach budget, as well as the amount allocated to state and county outreach.
- c. Providing counties with their own individual source statistics and statistics for the entire State, and encouraging the counties to use this information when designing outreach campaigns and activities.

Department of Human Services Response:

- a. Agree. The Department has consistently analyzed these statistics and acted upon the results, and will continue to do so. LEAP will also continue to use other data sources, such as calls received by the “HEAT-HELP” telephone line to evaluate the effectiveness of various outreach activities.
- b. Agree. The Department has continually reviewed its outreach allocation methodology. A state/county task force recently approved a revised allocation plan, which creates a new Outreach Incentive Program and increases the core outreach budget.
- c. Agree. The Department will distribute statistics to counties as well as descriptions of other counties’ and state outreach activities.

Assess the Value of Outreach Plans

Department rules require county LEAP offices to submit outreach plans by October 30th each year. An outreach plan is a questionnaire in which county LEAP offices describe their planned outreach activities for the upcoming LEAP season. We reviewed the Department’s policies related to outreach plans and found that the plans currently provide little benefit for the following reasons:

- **Department staff do not review outreach plans to offer feedback or best practice information to the counties.** According to the Department, limited staffing resources make it difficult for them to review county outreach plans on a regular basis. Therefore, most plans are never reviewed to offer feedback once they are submitted.
- **Many counties submit the same outreach plan from year to year.** We reviewed outreach plans from the ten counties in our sample and found that two have not changed their plans since 1996. In addition, staff at six of the ten counties we visited stated that outreach plans are not useful and have become mostly a paperwork exercise. Staff also stated that some of the information requested in the plans is redundant because it is information to which the Department already has access in its LEAP database.
- **Plans are not submitted at the beginning of the LEAP season.** For the 2002 Program Year, the Department requested that counties submit outreach plans in January, halfway through the LEAP season. According to the Department, county staff are too busy in September and October to prepare an outreach plan before the season begins. Submitting plans halfway through the season, however, makes the plan more of a recap of outreach activities accomplished to date, rather than a guide for future action.
- **Many counties do not submit outreach plans.** During the 2000 Program Year only 25 counties submitted outreach plans. Further, due to the significant increase in caseload during the 2001 Program Year, the Department did not require that counties submit outreach plans at all for this year. According to the Department, however, 58 counties submitted plans for the 2002 Program Year.

The Department needs to assess the value of having counties submit outreach plans each year. With the current process, outreach plans have become little more than a paperwork exercise. To be beneficial, plans need to be submitted prior to the beginning of the LEAP season so that counties can actually use them as a planning device. In addition, the Department needs to review the plans and offer timely feedback to the counties on their outreach activities. Staff at many of the counties we visited stated that they would appreciate feedback and suggestions from the Department. They would also like to know about the outreach approaches used in other counties, especially counties of similar size and location. Without these changes, the Department should consider eliminating its requirement that counties submit annual outreach plans and instead encourage counties to develop their own plans for internal use.

Recommendation No. 11:

The Department of Human Services should assess the benefits of requiring counties to submit annual outreach plans. If the Department determines that outreach plans provide little benefit, it should no longer require the plans but should encourage counties to develop their own outreach plans for internal use.

If the Department determines that outreach plans are beneficial, it should improve the effectiveness of the process by:

- a. Revising the information requested in the outreach plans to include only relevant and useful information.
- b. Reviewing the plans to evaluate county compliance with state and federal requirements, to identify areas for improvement, and to provide timely feedback to counties on Departmental findings.
- c. Identifying best practices for effective outreach and distributing this information to the counties. Best practices should emphasize the outreach that is working best in specific areas of the State and for different-sized counties.
- d. Requiring that counties submit outreach plans prior to the beginning of the LEAP season. This could mean submitting plans in April or May in preparation for the next season or in September or October before the season begins.

Department of Human Services Response:

Agree. The Department, with the recommendation of a state/county task force, will eliminate outreach plans in favor of end of the year requests for outreach incentive funds for use during the subsequent heating season. Awards will be made on the basis of county outreach performance. Criteria for receipt of these awards will be developed jointly by the Department and county LEAP personnel.

Improve Outreach to Potentially Eligible Populations

We reviewed the Department's and counties' approach to reaching certain populations and found that improvements can be made to help ensure potentially eligible populations are targeted. As discussed previously in this Chapter, a majority of LEAP applicants indicated that they heard about the program from an application they received in the mail. Currently county LEAP offices send applications to all individuals who received LEAP the previous year and individuals receiving one of the following types of public assistance:

- Medicaid
- Food Stamps
- Temporary Assistance to Needy Families
- Old Age Pension
- Aid to the Needy Disabled
- Aid to the Blind
- Supplemental Security Income

During the audit we identified additional groups the Department could target that contain potentially eligible populations. Federal statutes specifically state that the program should make payments to households receiving benefits from the Veterans' and Survivors' Pension Improvement Act of 1978 and other low-income households. Currently the Department does not target veterans unless they are already receiving one of the forms of assistance described above. The Department could work with the Division of Veterans Affairs to identify veterans who meet low-income eligibility guidelines. In addition, many Colorado families participate in the Colorado Indigent Care Program and the Children's Health Insurance Plan. Most, if not all, of these families would meet LEAP income eligibility requirements. The Department could include these groups in its mass mailing of applications.

We also reviewed the Department's Web site, specifically the page related to LEAP. The page does not provide comprehensive information about the Program. Basically, it gives a brief description of the program, eligibility requirements, application dates, and instructions to contact counties for more information. The site does not provide any information on the Crisis Intervention Program, a downloadable application, or links to county social services offices. We believe this information could be useful to prospective applicants as well as other organizations that assist low-income households.

Recommendation No. 12:

The Department of Human Services should improve its outreach to populations potentially eligible for the Low-Income Energy Assistance Program by:

- a. Mailing LEAP applications or conducting other types of outreach targeting potentially eligible groups such as low-income veterans and households participating in the Children's Health Insurance Plan and the Colorado Indigent Care Program.
- b. Redesigning the State's LEAP Web site so that it includes information such as downloadable applications in Spanish and English, information on the Crisis Intervention Program, phone numbers and links to county social services offices when possible, and any other important information.

Department of Human Services Response:

- a. Agree. The Department will assess the feasibility of conducting these outreach activities. Where feasible and appropriate, the Department will initiate mailings and/or distribute outreach materials.
 - b. Agree. The Department is developing a stand-alone LEAP Web site that will contain downloadable applications, CIP information, eligibility criteria, and other valuable information. Links to counties are not feasible, as not all of them have Web sites, and of those that do, few contain LEAP-specific information.
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The Energy Saving Partners Program

Chapter 4

Background

The primary mission of the Energy Saving Partners (ESP) Program is to weatherize homes in Colorado, thereby reducing the statewide energy consumption and lowering the vulnerability of low-income citizens in Colorado. To be eligible for the ESP Program, total household income must be 185 percent of the federal poverty level or less. The OEMC contracts with eight weatherization agencies located around the State to provide the following services:

- Insulation including, but not limited to, attic, wall, crawl space, floor, plumbing, and air heating and water heating equipment.
- Installation of energy-saving compact fluorescent lightbulbs.
- Repair and/or replacement of household heating and cooling equipment, doors, windows, walls, roofs, or any other place that is affecting energy efficiency.
- Minor electrical repairs (if related to the heating system).
- Safety checks of all household appliances.
- Indoor air pollution checks.
- Client energy conservation education.

Department of Energy regulations limit weatherization services to those measures that have a benefit to cost ratio of at least 2 to 1. That is, the energy-saving benefit must be at least twice as much as the cost of the repair. In addition, Department of Energy regulations require that the ESP Program maintain a statewide average cost per home weatherized of \$2,500.

The ESP Program works closely with the Department of Human Services to weatherize the homes of LEAP recipients. All LEAP recipients are automatically eligible to receive weatherization services from ESP. According to Department rules, LEAP recipients must agree to have their home weatherized by the ESP Program. If LEAP recipients refuse weatherization services, they will be ineligible for LEAP benefits the following year.

Address Waiting List Issues

Each month, the Department provides weatherization agencies with a list of individuals within their service territories who have been approved for LEAP benefits. These individuals automatically qualify for weatherization services. In addition, weatherization agencies receive applications from non-LEAP individuals who have heard about the Program and want to have their homes weatherized. OEMC policy requires weatherization agencies to prioritize service provision for LEAP-approved and non-LEAP households. According to this policy, weatherization agencies should give priority to households with an elderly or disabled member and/or children. Therefore, the agencies are required to go through their list of all approved households and prioritize the order in which services will be provided.

During the audit we found that two ESP regions in the State currently have extensive waiting lists to receive weatherization services. These waiting lists range from about six months in Pueblo and the southeast corner of the State to about two years in the San Luis Valley. In most other areas of the State, individuals receive weatherization services within about two months from the date of application. The waiting lists in some areas of the State have created service inequities that have resulted in higher energy costs for those homes waiting to receive services. For example, in a 1999 study, the OEMC and Public Service Company of Colorado found that homes that had been weatherized experienced an average decrease of 16 percent in their gas bill and 5 percent in their electric bill. As such, long waiting lists may mean that more LEAP benefits are being paid out unnecessarily.

According to program staff, in order to reduce and/or eliminate these waiting lists, the weatherization agencies in these areas will need additional funding so that they can hire additional crews. Additional crews would allow these agencies to weatherize more homes each month and, therefore, reduce the number of homes on the waiting lists. We estimate that these two weatherization agencies would need an additional \$500,000 per year for five years to eliminate their current waiting lists. We arrived at this amount by multiplying the average cost per case of \$2,300 by the total number of individuals currently on these waiting lists.

Investigate Additional Funding Sources

In order to eliminate these waiting lists, or at least reduce them to be more consistent with other weatherization agencies around the State, the OEMC needs to investigate additional sources of funding. Alternatives may include, but need not be limited to:

- **Increasing the amount of funding from LEAP.** The ESP Program currently receives 15 percent of the federal funds LEAP receives each year. According to federal guidelines, states can request a waiver to transfer up to 25 percent of their LEAP grant to their weatherization program. To date, Colorado has never requested this waiver. Although this waiver would take funds away from basic LEAP benefits, in the long term it would help reduce the overall need for energy assistance for homes once they were weatherized.
- **Applying for the federal Residential Energy Assistance Challenge Grant.** This grant provides funds for demonstration projects to test various approaches to help low-income families reduce home energy usage and become more self-sufficient in meeting their home energy needs. LEAP has applied for this grant in the past and has been denied. ESP, however, has never applied for this grant.
- **Obtaining assistance from utility companies.** Some of the larger utility companies in the State already contribute to the ESP Program. For example, Xcel Energy provides the funding for compact fluorescent lightbulbs to be installed in homes within its service territories. According to the OEMC, it will continue to work with Xcel and other utility companies to obtain some form of assistance for the program, including additional contributions from those companies that already provide assistance.

In addition to investigating additional funding sources, the OEMC should reassess its current funding allocation formula to determine if changes are needed. The OEMC's current funding allocation formula considers the low-income population and the number of heating degree days (i.e., the number of days the average temperature is below a certain level) for the different counties. Currently the OEMC uses 1990 Census data to determine the low-income population in the various areas around the State. According to the OEMC, it is waiting on the 2000 Census data to update the low-income population piece of the formula for each county. In addition to updating the low-income population figures for the State, the OEMC should determine if other changes are needed in the formula to ensure funds are distributed appropriately to the different regions.

Recommendation No. 13:

The Office of Energy Management and Conservation should reassess its funding allocation formula to determine if changes are needed and evaluate alternatives for raising additional funds to eliminate extensive waiting lists for weatherization services around the State, including:

- a. Working with the Department of Human Services to acquire additional funds, including requesting a waiver to receive more than 15 percent of LEAP's federal allocation.
- b. Investigating additional funding sources such as the Residential Energy Assistance Challenge Grant.
- c. Working with utility companies to obtain additional funding and/or cost sharing agreements for weatherization clients within their service areas.

Office of Energy Management and Conservation Response:

Agree. The ESP allocation formula is updated every ten years following release of the U.S. Census poverty data. These data are just now being released to the states. Once these data are provided, the ESP allocation formula will be updated to reflect more current poverty population information. It is hoped that this update will be available for review and discussion with ESP subgrantees in August 2003. The revised formula will be used for allocations made available in January 2003 for the fiscal year that will start on July 1, 2003.

The ESP program is constantly seeking additional funding sources. The LEAP program has already agreed to transfer an additional \$250,000 to ESP for the 2002-2003 program year. Coupled with program savings accrued from streamlining activities (\$2 million saved in last three years), these funds will be directed to the continued support of an additional crew in both the Pueblo County and the San Luis Valley regions. One extra crew in each location has been funded for this purpose for the last three years. One new additional crew will be added in the San Luis Valley beginning July 1, 2002.

The REACH grant has been discussed but not pursued. Funds have historically gone to 'innovative' proposals, not just additional weatherization production. Discussions for additional funds have taken place with Colorado Springs Utilities,

Greeley Gas Company, and Holy Cross Electric. The Colorado Energy Assistance Foundation (CEAF) also provides funds to ESP agencies. ESP constantly seeks supplemental funding opportunities.

Improve ESP Application Process

The ESP Program guidelines allow each of the eight weatherization agencies to develop its own application. Guidelines also allow agencies to prepare their own denial notices to notify applicants if they are denied weatherization services. During the audit we identified several areas in which improvements are needed in the ESP application and denial notification process. Specifically, we found:

- **The information required on ESP applications varies widely among the eight weatherization agencies.** For example, some agencies have lengthy and detailed application forms, while other agencies request only minimal information. As a result, the application process in some areas of the State is more burdensome to applicants than in others. ESP applications need to strike a balance between collecting too much information and collecting too little information. The applications need to collect sufficient information to ensure eligibility is determined appropriately.
- **Denial notices do not consistently refer applicants to other sources of assistance.** We found that some of the weatherization agencies include referral information on their denial notices, while others do not. This information includes referrals to other organizations that may be able to provide energy assistance, such as LEAP, the Heat Help Line, local housing authorities, charities, and senior centers. Although an applicant may not qualify for ESP services, he or she may need and be able to qualify for other types of assistance. For example, although LEAP and ESP have the same income eligibility levels (i.e., 185 percent of the federal poverty level), an applicant must supply only one month's worth of income information to qualify for LEAP, while the ESP Program requires a year's worth of information. Therefore, many applicants may qualify for LEAP when they would not qualify for ESP services. As mentioned previously, once an applicant is determined eligible for LEAP, he or she automatically qualifies for the ESP Program. The weatherization agencies currently refer applicants to LEAP when they do not meet ESP Program eligibility guidelines.
- **Applications and denial notices are not printed in Spanish.** We found that none of the weatherization agencies prints applications or denial notices in Spanish. As a result, Spanish-speaking applicants may have difficulty completing

applications and may not apply for weatherization services. In addition, these applicants may have difficulty understanding that they were denied for services and the reason for the denial, since denial notices are not printed in Spanish.

- **Weatherization agencies do not notify clients of their eligibility status and their position on a waiting list, when applicable.** We found that the weatherization agencies do not typically notify applicants when they have been approved to receive services and inform them of when they can expect to receive those services. From our review of about 200 ESP case files, we found that it took an average of 60 days from the date an application was received for the agencies to contact the client regarding eligibility and to schedule services. Generally, the weatherization agencies did not contact approved applicants until they were ready to schedule a time to provide the services. As discussed previously, several weatherization agencies currently have extensive waiting lists.

Recommendation No. 14:

The Office of Energy Management and Conservation should improve the efficiency of the Energy Saving Partners Program application process by:

- a. Developing a standard application and denial notification form or establishing specific criteria that the agencies must follow when developing these forms. The denial notification forms should include referral information to other sources of energy assistance.
- b. Developing standard application and notification forms that are written in Spanish and requiring weatherization agencies to use these forms.
- c. Notifying applicants of their status on a waiting list, when applicable, and when they can expect to receive weatherization services.

Office of Energy Management and Conservation Response:

Agree. ESP State employees will discuss all recommendations with ESP subgrantees at the Summer Planning Meeting in August 2002. The ESP state office will work with the input of subgrantees to design a standard application to be used statewide. The ESP state office will also work with subgrantees to develop a standard denial notification form and a letter to notify applicants of their status on a waiting list. These forms will also be used statewide.

The ESP state office will have the application, denial notification form, and waiting list notification form translated into Spanish. All Spanish and English forms will be posted on OEMC's Web site to provide easier access to clients and service providers. All forms will be implemented statewide on or before January 1, 2003.

Implement Time Requirements for ESP Appeals Process

The ESP Program guidelines outline an appeals process for applicants who do not have their application processed in a timely manner, disagree with the weatherization agency's decision to deny eligibility, or do not believe the appropriate services were provided. According to the guidelines, applicants must first appeal to the head of the weatherization agency for a hearing. If the applicant has a hearing and still disagrees with the agency's decision, the applicant has 15 days after the hearing to appeal to the ESP Program, or the OEMC.

During our audit we found that the Program's established appeals process does not specify any time frames for handling appeals, either at the agency or state level. We reviewed the appeals received by the OEMC during Program Years 2000 and 2001. For this time period, the OEMC received five appeals. The appeals related to eligibility and service issues such as whether a home that had already been weatherized was eligible for services again and whether an agency had completed all of the appropriate repairs consistent with ESP Program standards. The number of days to resolve these appeals at the state level ranged from 1 to 210, with an average of 65 days. We were unable to determine how long the appeals process took at the agency level due to a lack of data. If a weatherization agency erroneously determines that an applicant is not eligible for services and the appeals process takes too long there could potentially be health and safety issues if the applicant has a cracked furnace or similar problem. Applicants may also experience financial difficulty due to high heating bills resulting from an energy-inefficient home.

Recommendation No. 15:

The Office of Energy Management and Conservation should improve the efficiency of the Energy Saving Partners Program appeals process by establishing time requirements in program guidelines for handling appeals at both the weatherization agency and state levels.

**Office of Energy Management and Conservation
Response:**

Agree. ESP state employees will discuss all recommendations with ESP subgrantees at the Summer Planning Meeting in August 2002. The ESP state office will work with the input of ESP subgrantees to develop time lines for appeals when clients do not have their application processed in a timely manner and when they disagree with the weatherization agency's decision to deny eligibility. In addition, we will discuss with ESP subgrantees the recommendation of establishing time lines for callbacks, for when clients do not believe the appropriate services were provided or were provided in a substandard manner. The appropriate ESP policies and procedures (301.2 and 310) will be updated, or new policies and procedures may be written, to reflect the time lines established for effectively handling appeals and callbacks. These policy changes will go into effect on or before January 1, 2003.

LEAP Applicant Statistics

County	Fiscal Year 2001		
	Applicants	Approved Applicants	Percent Approved
Adams	7,808	5,961	76%
Alamosa	1,337	1,186	89%
Arapahoe	5,945	4,127	69%
Archuleta	319	270	85%
Baca	269	240	89%
Bent	516	505	98%
Boulder	2,961	2,138	72%
Chaffee	668	592	89%
Cheyenne	57	54	95%
Clear Creek	194	183	94%
Conejos	1,025	957	93%
Costilla	751	714	95%
Crowley	401	384	96%
Custer	143	128	90%
Delta	1,542	1,363	88%
Denver	15,422	12,398	80%
Dolores	117	106	91%
Douglas	359	318	89%
Eagle	182	123	68%
Elbert	179	165	92%
El Paso	10,710	9,047	84%
Fremont	1,917	1,705	89%
Garfield	534	434	81%
Gilpin	80	72	90%
Grand	107	81	76%
Gunnison	385	349	91%
Hinsdale	35	34	97%
Huerfano	786	734	93%
Jackson	79	71	90%
Jefferson	5,121	3,330	65%
Kiowa	75	72	96%
Kit Carson	258	219	85%
Lake	55	52	95%
La Plata	801	613	77%
Larimer	3,735	3,131	84%
Las Animas	1,327	1,238	93%
Lincoln	165	156	95%
Logan	946	762	81%
Mesa	4,588	3,849	84%
Mineral	40	37	93%
Moffat	476	405	85%
Montezuma	1,188	1,069	90%
Montrose	1,271	1,143	90%

Morgan	1,050	828	79%
Otero	1,669	1,480	89%
Ouray	90	83	92%
Park	205	188	92%
Phillips	129	116	90%
Pitkin	24	20	83%
Prowers	1,008	786	78%
Pueblo	6,896	5,871	85%
Rio Blanco	146	132	90%
Rio Grande	1,210	1,131	93%
Routt	204	166	81%
Saguache	629	557	89%
San Juan	63	56	89%
San Miguel	87	77	89%
Sedgwick	90	71	79%
Summit	205	161	79%
Teller	527	481	91%
Washington	185	160	86%
Weld	3,969	3,308	83%
Yuma	334	284	85%
Total	93,594	76,471	82%

Source: Office of the State Auditor's analysis of Department of Human Services data.

LEAP County Expenditures

County	Fiscal Year 2001				
	Administrative Expenditures	Outreach Expenditures	Total Administrative and Outreach Expenditures	Estimated Heating Benefits per County	Expenditures as a Percent of Benefits
Adams	\$167,725	\$30,957	\$198,682	\$3,056,980	6.5%
Alamosa	\$26,790	\$7,904	\$34,694	\$780,601	4.4%
Arapahoe	\$83,357	\$25,230	\$108,587	\$1,841,591	5.9%
Archuleta	\$11,211	\$700	\$11,911	\$180,557	6.6%
Baca	\$5,238	\$1,117	\$6,355	\$185,491	3.4%
Bent	\$7,218	\$316	\$7,534	\$335,416	2.2%
Boulder	\$43,912	\$36,185	\$80,097	\$987,892	8.1%
Chaffee	\$3,741	\$6,982	\$10,723	\$346,101	3.1%
Cheyenne	\$0	\$0	\$0	\$46,531	0.0%
Clear Creek	\$4,089	\$170	\$4,259	\$122,407	3.5%
Conejos	\$23,599	\$1,089	\$24,688	\$726,124	3.4%
Costilla	\$20,317	\$3,960	\$24,277	\$639,516	3.8%
Crowley	\$12,834	\$2,681	\$15,515	\$253,140	6.1%
Custer	\$5,296	\$0	\$5,296	\$99,773	5.3%
Delta	\$20,567	\$6,260	\$26,827	\$993,750	2.7%
Denver	\$150,141	\$86,463	\$236,604	\$6,900,479	3.4%
Dolores	\$3,057	\$412	\$3,469	\$79,223	4.4%
Douglas	\$11,979	\$0	\$11,979	\$189,522	6.3%
Eagle	\$3,126	\$0	\$3,126	\$63,713	4.9%
Elbert	\$2,697	\$837	\$3,534	\$135,965	2.6%
El Paso	\$147,053	\$0	\$147,053	\$4,681,913	3.1%
Fremont	\$13,902	\$7,385	\$21,288	\$1,136,689	1.9%
Garfield	\$4,943	\$0	\$4,943	\$219,187	2.3%
Gilpin	\$0	\$681	\$681	\$57,265	1.2%
Grand	\$1,661	\$617	\$2,278	\$53,023	4.3%
Gunnison	\$8,801	\$2,114	\$10,915	\$228,459	4.8%
Hinsdale	\$0	\$0	\$0	\$29,066	0.0%
Huerfano	\$26,202	\$4,692	\$30,895	\$494,063	6.3%
Jackson	\$21	\$0	\$21	\$58,253	0.0%
Jefferson	\$166,426	(\$29,592)	\$136,833	\$1,579,019	8.7%
Kiowa	\$6,113	\$0	\$6,113	\$54,919	11.1%
Kit Carson	\$8,085	\$2,142	\$10,227	\$165,290	6.2%
Lake	\$0	\$0	\$0	\$35,667	0.0%
La Plata	\$21,071	\$4,630	\$25,701	\$401,889	6.4%
Larimer	\$78,935	\$43,860	\$122,795	\$1,510,488	8.1%
Las Animas	\$18,315	\$896	\$19,211	\$783,456	2.5%
Lincoln	\$2,598	\$170	\$2,768	\$129,003	2.1%
Logan	\$8,782	\$4,926	\$13,708	\$474,177	2.9%
Mesa	\$68,298	\$20,964	\$89,262	\$1,899,943	4.7%
Mineral	\$0	\$0	\$0	\$32,581	0.0%
Moffat	\$12,855	\$3,138	\$15,992	\$257,499	6.2%
Montezuma	\$11,101	\$2,941	\$14,042	\$706,801	2.0%

LEAP County Expenditures

County	Fiscal Year 2001				
	Administrative Expenditures	Outreach Expenditures	Total Administrative and Outreach Expenditures	Estimated Heating Benefits per County	Expenditures as a Percent of Benefits
Montrose	\$14,653	\$0	\$14,653	\$746,756	2.0%
Morgan	\$21,951	\$5,720	\$27,671	\$555,331	5.0%
Otero	\$33,500	\$8,965	\$42,465	\$884,907	4.8%
Ouray	\$1,794	\$477	\$2,271	\$70,102	3.2%
Park	\$4,236	\$0	\$4,236	\$166,532	2.5%
Phillips	\$3,531	\$43	\$3,574	\$84,961	4.2%
Pitkin	\$0	\$0	\$0	\$12,845	0.0%
Prowers	\$27,192	\$7,860	\$35,052	\$543,197	6.5%
Pueblo	\$138,300	\$22,024	\$160,324	\$3,502,873	4.6%
Rio Blanco	\$0	\$0	\$0	\$87,211	0.0%
Rio Grande	\$16,426	\$9,254	\$25,680	\$775,945	3.3%
Routt	\$0	\$0	\$0	\$109,792	0.0%
Saguache	\$10,993	\$6,207	\$17,200	\$428,283	4.0%
San Juan	\$2,057	\$0	\$2,057	\$53,316	3.9%
San Miguel	\$2,107	\$595	\$2,703	\$55,742	4.8%
Sedgwick	\$7	\$75	\$82	\$54,532	0.1%
Summit	\$1,173	\$150	\$1,324	\$98,030	1.4%
Teller	\$142	\$0	\$142	\$370,356	0.0%
Washington	\$0	\$676	\$676	\$108,432	0.6%
Weld	\$74,883	\$19,878	\$94,761	\$1,978,184	4.8%
Yuma	\$11,362	\$17	\$11,379	\$199,041	5.7%
Total	\$1,576,363	\$362,768	\$1,939,133	\$43,839,790	4.4%

Source: Office of the State Auditor's analysis of Department of Human Services data.

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