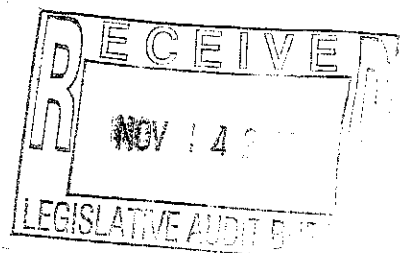




WISCONSIN DEPARTMENT OF  
ADMINISTRATION



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November 14, 2014

Senator Robert Cowles  
Co-Chair, Joint Audit Committee  
Room 118 South  
State Capitol  
Madison, WI 53702

Representative Samantha Kerkman  
Co-Chair, Joint Audit Committee  
Room 315 North  
State Capitol  
Madison, WI 53702

Dear Senator Cowles and Representative Kerkman,

The Legislative Audit Bureau Report on the Energy Assistance and Weatherization Assistance Programs released in June 2014, recommended the Department provide the Legislative Audit Committee with an update of the actions taken by the Department of Administration to address two additional recommendations. I am pleased to provide this report on the progress made by DOA relative to these recommendations.

There were two recommendations in the Oversight and Program Integrity section of the report. The first recommendation states:

*"We recommend the Department of Administration comply with statutes by providing for an annual independent audit of its low-income energy assistance and weatherization assistance programs funded by the Utility Public Benefit Fund, or if it believes the potential benefits of complying with this requirement do not justify the added costs, request that the Legislature eliminate the statutory requirement for an audit."*

The Department identified that the Wisconsin Home Energy Assistance Program (WHEAP) and the Weatherization Assistance Program (WAP) are subject to inclusion in the scope of the following audits, evaluations and examinations: the federal single audit as required by the federal Single Audit Act of 1984, as amended, and as conducted in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the State's Comprehensive Annual Financial Report (CAFR) audit conducted pursuant to Wis. Stat. Sec. 13.94 (1)(c); the Department of Energy program monitoring and financial audit [Weatherization Program]; and the Department of Health and Human Services audit [Low Income Home Energy Assistance Program (LIHEAP)]. Under the federal single audit, the Legislative Audit Bureau considers the State's internal control over financial reporting and expresses an opinion on compliance for each of the State

of Wisconsin's major federal programs based on its audit of compliance with certain provisions of laws, regulations, contracts, and grant agreements. LIHEAP and Weatherization are frequently determined to be major programs in accordance with Section 520 of OMB Circular A-133.

As federal and public benefits funds are blended to create a single, seamless program accessed by low income households, the existing federal and state audits address public benefit funded program delivery. Additionally, as required by statute, 16.957 (2)(d)(4), an annual report is submitted to the legislature that describes the expenses of the department, other state agencies and grant recipient's and the effectiveness of the Public Benefit program in providing assistance to low-income individuals. The Department is reviewing the costs of the existing audits and reporting, evaluating where gaps may exist, and considering options going forward.

The second recommendation states:

*"We recommend the Department of Administration:*

- verify applicants' reported incomes by using additional sources of data;*
- implement policies that require retention of copies of original documents supporting applicants' eligibility for at least three years from the date of the application; and*
- report to the Joint Legislative Audit Committee by November 14, 2014, on the status of its efforts.*

The Department has taken the following steps to utilize external sources of data to verify applicants reported incomes and to implement policies that require retention of copies of original documents supporting applicants' eligibility.

- Social Security Administration data exchange – The DOA entered into an agreement with the Social Security Administration (SSA) to allow for external verification of social security numbers. For efficiency reasons the DOA entered into an agreement with the Department of Health Services (DHS) to access the social security data through an existing data exchange between DHS and the SSA. In October of 2013 the DOA was able to begin verifying applicant social security information via that exchange.
- Access to other State of Wisconsin income and demographic data – DOA has made contact with other departments in the state to discuss access to systems that already maintain income and demographic data. These systems include income maintenance systems, wage and employment data, and child support. DOA will continue to pursue access to these systems including direct access for energy assistance intake workers and a methodology for electronic data exchange.
- Utility data exchange – DOA has a robust electronic data exchange system in place with the states class A utility companies. This exchange allows for verification of fuel account numbers and energy usage which, in turn prevents inaccurate cost and account reporting.

November 13, 2014

Page 3 of 3

- Retention of documents supporting applicant eligibility – In Federal Fiscal Year (FFY) 2015 the State of Wisconsin began the phase in of a new intake system for local agencies to process WHEAP applications. The new system includes functionality to upload documents which support applicant eligibility and retain them for at least three years from the date of application. The State of Wisconsin is piloting document uploads into the new system with the goal of obtaining critical systematic information and identifying resource needs of local agencies prior to requiring this statewide. Beginning in FFY 2016 all local agencies will be required to upload certain eligibility documents. Coordinating policy will be drafted and monitored to ensure compliance.

Sincerely,



Christopher P. Schoenherr, Deputy Secretary  
Department of Administration

cc: Joe Chrisman