Michigan Did Not Effectively Monitor Home Heating Benefits Provided Under the Low-Income Home Energy Assistance Program

Why OIG Did This Audit

- From October 2019 through September 2022, Michigan received approximately $240 million in Low Income Home Energy Assistance Program (LIHEAP) funding to provide heating assistance to eligible households through its Home Heating Credit (HHC) program.

- Funding for LIHEAP increased rapidly in response to the COVID-19 pandemic and rising energy prices. Prior OIG work found that States did not always adequately monitor the organizations that administer LIHEAP on their behalf.

- The rapid increase in LIHEAP funding combined with prior audit findings increases the risk of fraud and abuse in LIHEAP. We performed this audit to determine whether Michigan monitored the administration of its HHC program for compliance with Federal and State LIHEAP requirements.

What OIG Found

Because Michigan did not effectively monitor its HHC program, it was unaware that approximately $25 million in benefits were processed and paid without being reviewed. In addition, Michigan:

- was unaware that credits were not prorated for part-year residents as required,
- did not ensure that quarterly monitoring reviews of HHC payments were done in a timely manner, and
- did not ensure that high risk payments were included in quarterly monitoring reviews.

As a result, Michigan did not detect overpayments of $26,763.

What OIG Recommends

We made six recommendations, including that the Michigan Department of Health and Human Services refund $26,763 to the Federal Government and assess the risk of payment errors associated with HHC benefits that were processed and paid without being reviewed. The full recommendations are in the report.

Michigan did not indicate concurrence or nonconcurrence with our recommendations; however, it agreed with our findings and outlined actions that it has taken and plans to take to address our recommendations.