

STATE OF COLORADO



Colorado Department of Human Services
people who help people

OFFICE OF SELF SUFFICIENCY & INDEPENDENCE
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Todd Jorgensen
Director



Bill Ritter, Jr.
Governor

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MEMORANDUM

DATE: July 12, 2010

TO: Honorable David Schultheis, Chair, Legislative Audit Committee
Honorable Lois Tochtrop, Vice-Chair, Legislative Audit Committee
Members, Legislative Audit Committee

FROM: Todd Jorgensen, Director, LEAP

SUBJECT: Colorado Low Income Telephone Assistance Program Performance Audit – Additional Information Regarding Recommendation No. 8

Thank you for the opportunity to provide additional information regarding estimated fiscal impacts of continuing the Colorado Low Income Telephone Assistance Program (LITAP) on the Colorado Department of Human Services. Specifically, the Department agreed to provide any necessary information to the Legislative Audit Committee and the General Assembly to assist with determining whether LITAP should continue or be eliminated. The Committee directed the Department to develop cost estimates for implementing the recommendations of the report based on the assumption that the program would continue. The following is a summary of fiscal impacts on the Department if LITAP continues.

<u>Recommendation</u>	<u>Fiscal Impact</u>
1 b – Data collection/reporting consultation	None
3 b – Outreach consultation	None
4 a b – Statutory eligibility changes	Option 1 - Continue categorical eligibility – None; or Option 2 – Verify eligibility - \$1,094,800 to process approximately 23,800 applications (\$46 per case)
5 a b – Recertification, controls	\$20,315

The following information provides more detail regarding an estimate of the fiscal impacts of implementing those recommendations in the report that require action by the Department.

Recommendation No. 1 b – Consultation with Commission on Data Collection and Reporting

If the program continues, the Department agrees to work with the Commission to assist in establishing roles for collecting and reporting data. There is no fiscal impact on the Department in implementing this recommendation.

Recommendation No. 3 b – Consultation with Commission on Outreach

If the program continues, the Department agrees to work with the Commission to assist in defining roles for conducting outreach. There is no fiscal impact on the Department in implementing this recommendation.

Recommendation No. 4 a and b – Eligibility Changes to Statute

If the program continues, the Department agrees to seek statutory changes with the assistance of the Committee and the General Assembly to clarify eligibility criteria. Once those statutory changes are made, the Department will ensure that LITAP eligibility is assessed through processes consistent with these criteria.

There are two options available in drafting legislation that clarifies LITAP eligibility. First, the Department would prefer to draft legislation that clarifies the original intent of HB 08-1227. That is, LITAP eligibility is based on participation in one of the five public assistance programs listed in current statute, with the addition of LEAP as a sixth program. It is the Department's understanding that the intent of the original legislation was to add Colorado Works and LEAP as additional certifying programs. The intent was not to create a separate eligibility program with the requirement that the Department verify income and document lawful presence. There is no fiscal impact on the Department in implementing this option.

The second option would be to draft legislation that would clarify statute consistent with the Auditor's interpretation of current statute. That is, LITAP eligibility is based on income at or below 185 percent of the federal poverty level, with preference given to applicants that participate in one of the five programs listed in current statute. It is not clear how preference would be assigned, but under this interpretation the Department assumes that preference would only be enacted if there were a shortage of funds. This option would require the Department, either through a contractor or through county departments of human services, to process LITAP applications and verify income eligibility through documentation provided by applicants. The Department would also be responsible for verifying lawful presence documentation pursuant to HB 06S-1023.

There is a fiscal impact on the Department in implementing this second option. For purposes of comparison, administrative costs to process a LEAP application during the 2008-09 LEAP season were about \$46 per application. One of the more costly and time-consuming components of LEAP application processing is the verification of income and lawful presence documentation. It is estimated that administrative costs for LITAP eligibility would be similar. Even if LITAP enrollment remained relatively low, the Committee and the General Assembly would need to determine if this option would be cost-effective based on the total funding available for benefits. It would cost \$1,094,800 in administrative costs to process 23,800 applications, the approximate LITAP enrollment for calendar year 2009. This is 37.54 percent of the total revenue available for LITAP in the same year. Most federal public assistance programs have an administrative expenditure threshold of 10 percent. The Committee and the General Assembly may also wish to look at the administrative cost per application compared to the annual benefit available if the applicant were approved. Based on the assumptions above, an administrative cost of \$46 per application is 23.23 percent of the maximum benefit available under LITAP of \$16.50 per month, \$198 per year. For comparison, the administrative cost as a percent of the maximum LEAP benefit, \$1,000 per year, is 4.6 percent.

Under either option, the Department intends to seek statutory changes that will clarify that the LITAP benefit is only available to the subscriber, versus being available to anyone in the subscriber's household. There is no fiscal impact on the Department in implementing that part of the recommendation.

Recommendation No. 5 a and b – Recertification

If the program continues, the Department will strive to conduct eligibility recertification annually, to document this process, and to more immediately look into concerns associated with the recent recertification. More broadly, the Department plans to enhance existing and develop additional controls to increase program integrity. There is a fiscal impact on the Department in implementing this recommendation.

The Department believes it can implement additional controls within the LITAP registration system at no additional cost, provided it can obtain monthly data from telephone companies on current LITAP participants. Specifically, with the assistance of the Commission and telephone companies, the Department will explore the possibility of receiving data from telephone companies on customers currently receiving a benefit and loading this information into the database that contains data on the applicants certified through the registration system. Through this option the Department will have a more accurate and complete picture of LITAP participation and will be able to verify that only one telephone number per social security number and address is receiving a benefit.

The Department would incur an additional cost in order to increase the controls necessary to enhance program integrity. For SFY 2010, the Department's appropriation for LITAP was \$79,685 with 1.1 FTE. Projected expenditures for SFY 2011 include contract costs for the registration system, FTE costs, and miscellaneous costs including mailing, indirect costs etc. If LITAP continues, the Department will seek an increase in the appropriation to offset the additional cost of the new registration system with the need to maintain funding for the FTE costs. Historically, the full appropriation was available to cover the FTE and miscellaneous costs. The new registration system costs about \$40,000 per year to maintain, including any enhancements developed pursuant to recommendations from this audit. While the historical FTE costs were associated with administrative functions such as manual certification and recertification, most of these costs are now obsolete given the automated registration system. However, the audit process has highlighted the need for enhanced program integrity and additional oversight. Therefore the Department will seek an additional \$20,315 to fund a small portion of the FTE costs for a program specialist and manager to oversee LITAP eligibility certification and recertification processes. Some minor FTE costs will be maintained to fund an administrative assistant to provide support to the program through customer service inquiries, customer trouble-shooting, and other administrative functions.

If you have questions or need additional information, please do not hesitate to contact me at (303) 861-0325 or todd.jorgensen@state.co.us.



Dora
Department of Regulatory Agencies

Public Utilities Commission
Ronald J. Binz, Chairman
James K. Tarpey, Commissioner
Matt Baker, Commissioner
Doug Dean, Director

Bill Ritter, Jr.
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Barbara J.
Kelley
Executive
Director

2 July, 2010

MEMORANDUM

To: Honorable David Schultheis, Chair, Legislative Audit Committee
Honorable Lois Tochtrop, Vice-Chair, Legislative Audit Committee
Members, Legislative Audit Committee

From: Doug Dean, Director, Colorado Public Utilities Commission 

Subject: Colorado Low Income Telephone Assistance Program (LITAP) Performance Audit (Audit) – Additional Information

Thank you for the opportunity to provide additional information regarding the fiscal impacts of implementing the LITAP Audit recommendations. The fiscal information provided is an estimate of the costs of implementing recommendations No. 1, 2, 3, 6, 7 & 8.

As discussed in the LITAP Audit hearing, the state auditors made a very broad interpretation of the statutes governing LITAP and evaluated the program and made recommendations accordingly. The PUC currently receives no funding for administration of the LITAP program and has always viewed its role more narrowly. As many of the recommendations included the need for yet unknown or changed program goals and policies which ranged from elimination of the program to significantly increasing the LITAP take rate, the PUC has estimated the costs to implement the recommendations having looked at three scenarios. The three scenarios are outlined below.

1. The LITAP program will achieve providing the subsidy to all eligible consumers potentially raising the current 7 cent surcharge per line to approximately \$1.40 per line and the overall cost of the program from \$2 million to \$40 million.
2. The LITAP program will assure that all eligible consumers receive adequate outreach to be able to make the choice of whether or not to receive the subsidy which then sets the appropriate target take rate.
3. The LITAP program will be comprehensively reviewed to determine the required subsidy level, outreach and consumer take rate which could include a result that indicates there is no need for the program.

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In evaluating the recommendations and attending sub-recommendations, the PUC found that the costs to implement each were largely the same regardless of the scenario, however specific details and/or the timing of the implementation tasks may vary. Additionally, one activity was common to the majority of the recommendations. That activity involves the need to collect and analyze data, and define and/or adjust the program accordingly. While the details of this common activity may vary slightly for each recommendation and scenario, the overall cost is estimated to be same. The PUC estimates a cost of \$148,000 for such activity. This number is based on a similar activity recently undertaken by the Florida PUC to evaluate its state low income program. Therefore, in the attached cost summary, the PUC lists this cost only once and separately from the other recommendation costs.

The total cost for implementation of the recommendations is estimated to be \$248,901 and occur year over year unless the analysis demonstrates either that the program goals and objectives are successful with the current implementation or the program is determined to no longer be needed.

If you have questions or need additional information, please do not hesitate to contact me at (303) 894-2007 or Lynn Notarianni at (303) 894-5945.

Encl.

LITAP AUDIT RECOMMENDATION IMPLEMENTATION COST TABLE
7/2/2010

Rec. Number	Recommendation Summary	Cost	Notes
1	<p>Establish and implement a process for routinely monitoring LITAP's effectiveness and make program improvements by</p> <ul style="list-style-type: none"> (a) establishing program goals and performance measures and (b) developing mechanisms to collect sufficient and reliable data to monitor program effectiveness. 	\$1,046	<p>Establishing program goals and measures and tracking progress is estimated at 32 hours for an RFA II position. Performing analysis to determine why the goals and measures are not yet being achieved and what needs to change to achieve such is part of the activity cost identified in the last line in the table.</p>
2	<p>Evaluate the LITAP statutory subsidy amount to determine whether it is still appropriate and necessary to provide adequate assistance to ensure access to basic local telephone service and report findings to the General Assembly for consideration.</p>	\$5,228	<p>Reporting results to the General Assembly and seeking any statutory changes is estimated to be 160 hours for an RFA II position. Evaluating and analyzing the subsidy amount is part of the activity cost identified in the last line item in the table.</p>
3	<p>Improve LITAP outreach efforts by (a) developing a formal outreach plan, (b) working with the Department of Human Services and telephone carriers to define each entity's role with respect to outreach, and (c) monitoring the implementation of the outreach plan and assessing the effectiveness of outreach efforts.</p>	\$78,028	<p>The cost of the outreach plan was estimated based on the cost of the creation, printing and bulk mailing of a 3 fold brochure to eligible recipients once per year. The cost of monitoring and assessing the outreach plan is part of the activity cost identified in the last line item in the table.</p>
6	<p>Establish and implement sufficient controls to ensure telephone carriers accurately collect LITAP fees, distribute subsidies, and remit excess fee collections. Controls may include (a) comparing Department of Human Services' data on eligible LITAP participants against carrier quarterly reports and (b) using a risk-based or random approach to select a sample of carriers to review and require them to provide documentation to support their quarterly reports.</p>	\$13,854	<p>Implementing additional controls and performing random sampling is estimated at 424 hours for an RFA II position based on quarterly sampling of 10 companies to assure each telecom carrier is audited once in a three year cycle.</p>
7	<p>Improve management of the access line fee by (a) actively monitoring and evaluating the fee and (b) adjusting the fee in a timely manner.</p>	\$784*	<p>*The PUC currently actively monitors, evaluates and adjusts the LITAP fee with existing resources. However as an FYI, the estimated cost is 24 hours for an RFA II position.</p>
8	<p>Provide any necessary information to the</p>	\$1,961	<p>Providing information to the Legislative Audit Committee and</p>

LITAP AUDIT RECOMMENDATION IMPLEMENTATION COST TABLE

7/2/2010

	<p>Legislative Audit Committee and the General Assembly to assist with determining whether LITAP should continue or be eliminated. If the decision is to eliminate LITAP, seek statutory change. If the decision is to continue LITAP, structure an efficient and effective program.</p>		<p>General Assembly that is readily available is estimated to take 60 hours for an RFA II position. The cost of a more comprehensive data gathering and assistance in the analysis of the need to change or eliminate the program is identified in the last line item in the table.</p>
<p>Common Cost for Recommendations Nos. 1,2,3, & 8</p>	<p>Common cost for any recommendation activities that involve a data collection, analysis, and recommendations regarding the need, and changes in any goals, objectives, and implementation of the LITAP program.</p>	<p>\$148,000</p>	<p>This cost was based on the survey and analysis project implemented by the Florida PUC.</p>
<p>TOTAL COST TO IMPLEMENT RECOMMENDATIONS</p>		<p>\$ 248,901</p>	

Note: Cost estimates are based on the minimum salary for an RFA II including salary based and enrollment benefits but not including any additional overhead costs such as desktop computing.



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Executive Director

March 4, 2011

Senator Lois Tochtrop
Chair, Legislative Audit Committee
200 E Colfax Avenue
Denver, CO 80203

Dear Senator Tochtrop,

At the request of Cindi Stetson, Deputy State Auditor, we have prepared the attached status report regarding the recommendations made as a result of the May, 2010 Performance Audit of the Colorado Low-Income Telephone Assistance Program (LITAP). The attached status report includes an implementation status of each recommendation, actions taken and updated implementation dates if applicable.

As you recall from the hearings on the matter, the majority of the audit recommendations involved policy changes that have not been directed by the General Assembly or involved analysis of the program for which there is no available funding. The Commission currently receives no funding to administer the LITAP program. Where possible, the Commission has or is implementing the remaining recommendations.

Please contact Lynn Notarianni, PUC Telecom Section Chief, at (303) 894-5945 if you have any questions or need additional information.

Sincerely,

Doug Dean
Director

Cc: Cindi Stetson

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AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Colorado Low-Income Telephone Assistance Program

AUDIT NUMBER: 2055

DEPARTMENT/AGENCY/ENTITY: Public Utilities Commission

DATE: February 8, 2011

SUMMARY INFORMATION

Please complete the table below with summary information for all audit recommendations. For multi-part recommendations, list each part of the recommendation SEPARATELY. (For example, if Recommendation 1 has three parts, list each part separately in the table.)

Recommendation Number <i>(e.g., 1a, 1b, 2, etc.)</i>	Agency's Response <i>(i.e., agree, partially agree, disagree)</i>	Original Implementation Date <i>(as listed in the audit report)</i>	Implementation Status <i>(Implemented, Partially Implemented, or Not Implemented)</i> <i>* A recommendation that is in progress should be denoted as "partially implemented."</i>	Revised Implementation Date <i>(Complete only if agency is revising the original implementation date.)</i>
1a	Agree	Pending further direction from the General Assembly and appropriate funding	Not Implemented.	
1b	Agree	Pending further direction from the General Assembly and appropriate funding	Partially Implemented	
2	Partially agree	Pending further direction from the General Assembly and appropriate funding	Not Implemented	
3a	Partially agree	Pending further direction from the General Assembly and appropriate funding	Not Implemented	

Recommendation Number (e.g., 1a, 1b, 2, etc.)	Agency's Response (i.e., agree, partially agree, disagree)	Original Implementation Date (as listed in the audit report)	Implementation Status (Implemented, Partially Implemented, or Not Implemented) * A recommendation that is in progress should be denoted as "partially implemented."	Revised Implementation Date (Complete only if agency is revising the original implementation date.)
3b	Partially agree	Pending further direction from the General Assembly and appropriate funding	Partially Implemented	
3c	Partially agree	Pending further direction from the General Assembly and appropriate funding	Not Implemented	
6a	Agree	July 2010	Partially Implemented	March, 2011
6b	Agree	Pending further direction from the General Assembly and appropriate funding	Not Implemented	
7a	Agree	Ongoing	Implemented	
7b	Agree	Ongoing	Implemented	
8	Agree	Pending further direction from the General Assembly and appropriate funding	Not Implemented	

DETAIL OF IMPLEMENTATION STATUS

Recommendation #: 1a and b

Agency Addressed: Public Utilities Commission

Recommendation Text in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Public Utilities Commission should improve its monitoring of the program by establishing and implementing a process for routinely monitoring the effectiveness of LITAP, as required by statute, and using this information to make program improvements. This process should include:

- a. Establishing meaningful program goals and performance measures for evaluating the effectiveness of the program. At a minimum, the Commission should determine a target participation rate, track progress toward achieving that rate, and if the rates are not achieved, determine the reasons why.
- b. Developing the mechanisms necessary to collect sufficient and reliable data to monitor program effectiveness. This should include working with the Department of Human Services and telephone carriers to establish roles for collecting and reporting data through a Memorandum of Agreement and program rules.

Agency's Original Response (*i.e., Agree, Partially Agree, Disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly and appropriate funding.

Based on the Commission's long-standing interpretation of the legislative declaration, which specifies that the program is established to provide "access" to telephone service, the Commission has implemented processes that assure access to the program and track the number of eligible subscribers that participate in LITAP. The Commission has statutory authority to establish rules for the implementation of LITAP and for setting the surcharge fee appropriately. The Commission also monitors the effectiveness of the program within the stated goal.

To the extent that a broader statutory interpretation of the policy goals of the program is requested by the General Assembly, the Commission agrees that new program goals and measures should be established and additional data and monitoring could be established.

The Commission does not currently receive any appropriation for the implementation of LITAP. The Commission will require additional resources and funding to comply with this recommendation.

The Commission agrees to work with the Department and telephone carriers to establish roles for collecting and reporting data.

Agency's Current Comments on Implementation Status of Recommendation:

1a: The Legislative Audit Committee held a hearing on August 16, 2010 and voted to move forward with drafting legislation that clarifies the eligibility requirements to participate in the LITAP program. SB11-02 was introduced on 1/12/2011 and provides such clarification. The General Assembly has not requested a modification of the policy goals of the program. If such modifications were made by the General Assembly, the Commission agrees that new program goals and measures should be established and that additional data and monitoring could be implemented if resources and funding were appropriated. The Commission continues to receive no funding for the administration of the LITAP program.

1b: The Department and the Commission have had preliminary discussions regarding roles for collecting and reporting data within the context of current scope of the LITAP program. The Department has had discussions with Qwest regarding data sharing and more efficient methods for conducting the annual recertification process. The Department has requested additional CBMS and LEAP data fields from OIT and directed the LITAP certification system contractor, Corybant, to develop additional reports to allow for more effective reporting on applicants that are certified.

Recommendation #: 2

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Public Utilities Commission (Commission) should evaluate the statutory subsidy amount to determine whether it is still appropriate and necessary to provide adequate assistance to ensure access to basic local telephone service. The Commission should report the results of its evaluation and make a recommendation to the General Assembly as to whether the LITAP subsidy amount should be adjusted. The Commission should seek any necessary statutory changes.

Agency's Response (*i.e., agree, partially agree, disagree*): Partially agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly and appropriate funding.

The Commission agrees to provide currently available data to the Legislative Audit Committee and the General Assembly concerning the subsidy amount.

The combined federal and state subsidy amounts are not isolated "standalone" programs but are viewed as integral components of universal service. As further explained in the response to Recommendation No. 8, many intertwined factors drive the complicated concept of universal service.

If any additional data or assessment is required by the Legislative Audit Committee and the General Assembly, the Commission agrees to provide it, based on availability of resources and funding.

Agency's Comments on Implementation Status of Recommendation:

The LAC and the General Assembly have **not** requested any further data concerning the subsidy amount.

Recommendation #: 3a

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program continues, the Public Utilities Commission should improve its outreach efforts for the program by:

- a. Developing a formal outreach plan designed to reach program goals.

Agency's Response (*i.e., agree, partially agree, disagree*): Partially agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly and appropriate funding.

Outreach for this program is not contemplated in the statute. The General Assembly has not directed nor appropriated funds to the Commission to conduct outreach for LITAP.

If the General Assembly requests that the Commission take on a broader role, the Commission can develop and implement an outreach plan, subject to additional resources and funding. The LITAP Task Force may be the appropriate collaborative group to develop an outreach plan if funds are made available.

Agency's Comments on Implementation Status of Recommendation:

The General Assembly has **not** provided further direction or funding for outreach.

Within the scope of the current program, the Department and the Commission have had preliminary discussions regarding the potential for conducting additional outreach. The Department has had discussions with the LITAP certification system contractor, Corybant, regarding possibilities for targeted outgoing telephone call outreach to eligible individuals in the LITAP data system that have not applied for LITAP certification. Such discussion was shared with the Legislative Audit Committee on August 16th, 2010. No additional funding has been provided for such outreach.

Recommendation #: 3b

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program continues, the Public Utilities Commission should improve its outreach efforts for the program by:

- b. Working with the Department of Human Services and telephone carriers to clearly define each entity's role with respect to outreach through a Memorandum of Agreement and program rules.

Agency's Response (*i.e., agree, partially agree, disagree*): Partially agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly and appropriate funding.

As stated above, the General Assembly has not directed the Commission to conduct outreach for LITAP. However, the Commission can, in a cooperative manner, team with the Department and telephone carriers to clearly define each entity's outreach efforts for LITAP, with the understanding that the Commission lacks authority over the Department as well as taking into account any statutory directives and limitations.

Agency's Comments on Implementation Status of Recommendation:

See response to 3a above.

Recommendation #: 3c

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program continues, the Public Utilities Commission should improve its outreach efforts for the program by:

- c. Monitoring the implementation of the outreach plan developed in part (a) and assessing the effectiveness of outreach efforts.

Agency's Response (*i.e., agree, partially agree, disagree*): Partially agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly and appropriate funding.

The Commission can monitor changes in participation rates and may be able to extrapolate the effect of these outreach efforts using these data, but does not have the staffing to conduct surveys in order to determine if any changes are directly contributable to the outreach efforts.

Agency's Comments on Implementation Status of Recommendation:

See response to 3a above.

Recommendation #: 6a

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Public Utilities Commission should establish and implement sufficient controls to ensure that telephone carriers accurately collect the access line fee, distribute the subsidy to eligible participants, and remit all collections in excess of administrative costs to the State. Controls may include:

- a. Comparing Department of Human Services data on the number of eligible LITAP participants with the number reported by carriers in their quarterly reports.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: July 2010.

The Commission agrees with this recommendation and will ask the Department to provide the number of eligible subscribers linked to each telephone carrier and will compare those numbers with the data submitted by the telephone carriers in their reporting to the Commission. These efforts will be undertaken to ensure and improve accuracy in fee assessment, collection, and distribution.

Agency's Comments on Implementation Status of Recommendation:

The Commission has requested and the Department has provided initial data regarding eligible LITAP participants currently receiving assistance. The Commission is currently working with the Department to cross compare the numbers with those reported by the carriers and expects to document the ongoing review and reconciliation controls by March, 2011.

Recommendation #: 6b

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Public Utilities Commission should establish and implement sufficient controls to ensure that telephone carriers accurately collect the access line fee, distribute the subsidy to eligible participants, and remit all collections in excess of administrative costs to the State. Controls may include:

- b. Using a risk-based or random approach to select a sample of carriers to review and requiring the carriers selected to provide documentation to support the information included their quarterly reports.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly and appropriate funding.

The Commission has always used historical trending as a cost-efficient means for telephone carriers and the State to manage the reporting process. The Commission agrees to do additional reporting analysis and auditing, pending additional resources and funding.

Agency's Comments on Implementation Status of Recommendation:

The Commission has not received any additional funding to implement this recommendation.

Recommendation #: 7a

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Public Utilities Commission should improve its management of the access line fee to ensure that the LITAP Fund does not exceed the statutory limit on uncommitted reserves by:

- a. Actively monitoring and evaluating the access line fee relative to the fund balance, the number of LITAP participants, and the number of access lines paying the monthly fee.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Ongoing.

The Commission agrees and already acted to improve its fund balance management in the years since 2005 and 2006. It does actively monitor the access line fee, the fund balance, the number of participants, and the number of access lines. While the two previous years discussed by the auditors both included unique circumstances, maintenance of the fund balance within the statutory maximum is a critical function that the Commission agrees it must approach with diligence.

Agency's Comments on Implementation Status of Recommendation:

The Commission continues to monitor and evaluate the access line fee relative to the fund balance based on the number of LITAP participants, the monthly fee remittal and any other information that may impact the fund requirements.

Recommendation #: 7b

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Public Utilities Commission should improve its management of the access line fee to ensure that the LITAP Fund does not exceed the statutory limit on uncommitted reserves by:

- b. Making necessary adjustments to the access line fee in a timely manner.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Ongoing.

The Commission agrees with this recommendation, and this strategy has been the focus of fund balance management. The Commission will continue to strive to make surcharge rate adjustments in a timely manner.

Agency's Comments on Implementation Status of Recommendation:

The Commission has managed and continues to manage the access line fee appropriately.

Recommendation #: 8

Agency Addressed: Public Utilities Commission

Original Recommendation in Audit Report:

The Public Utilities Commission (Commission) should work with the Department of Human Services (Department) to provide any necessary information to the Legislative Audit Committee and the General Assembly to assist with determining whether LITAP should continue or be eliminated. If the decision is made to eliminate the program, the Commission and Department should work with the Legislative Audit Committee and the General Assembly to seek statutory change, as appropriate. If the decision is made to continue LITAP, the Commission and Department should structure an efficient and effective program for overseeing and monitoring LITAP.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly and appropriate funding.

Currently on the federal level, at least two significant measures are being undertaken that may materially impact the Universal Service Fund, the Lifeline program, and therefore the need for LITAP support at its current or a revised level. One is that the FCC is reviewing its Lifeline and Linkup universal service programs and asking a federal and state joint board to recommend any changes to these programs (FCC 10-72). Also, a proceeding (FCC 10-58) has been opened to look at the federal Universal Service Fund (USF) and the Intercarrier Compensation system as part of a comprehensive reform under the National Broadband Plan.

The Commission believes that it would be prudent to monitor the results of these proceedings. However, if in the meantime, the General Assembly decides to reduce the subsidy amount, decides that the program should not exist at all, or decides to make other changes to the program, the Commission would implement such changes.

The Commission agrees to work with the Department to provide any information to the Legislative Audit Committee and General Assembly, if feasible within existing resources and available data, to assist with determining whether LITAP should continue or be eliminated.

Agency's Comments on Implementation Status of Recommendation:

The Commission remains willing to provide the LAC and General Assembly with information to the extent feasible within existing resources to evaluate the LITAP program.

STATE OF COLORADO



Colorado Department of Human Services

people who help people

OFFICE OF SELF SUFFICIENCY & INDEPENDENCE
Pauline Burton, Deputy Executive Director



John W. Hickenlooper
Governor

Reggie Bicha
Executive Director

February 7, 2011

Senator Lois Tochtrop
Legislative Audit Committee Chair
200 East Colfax
Denver, CO 80203

Dear Senator Tochtrop:

Attached please find the status report regarding the Department's implementation of the recommendations resulting from the Low Income Telephone Assistance Program (LITAP) performance audit in May of 2010. The Department is committed to working with the Legislative Audit Committee and the State Auditor to implement these recommendations.

Please do not hesitate to contact me or Todd Jorgensen at (303) 861-0325 or todd.jorgensen@state.co.us if you need additional information.

Sincerely,

A handwritten signature in cursive script that reads "Pauline Burton".

Pauline Burton
Deputy Executive Director

CC: Jacob Wager, Legislative Audit Supervisor, Office of the State Auditor
Todd Jorgensen, Director, Division of Low Income Energy Assistance, CDHS

AUDIT RECOMMENDATION STATUS REPORT

AUDIT NAME: Colorado Low-Income Telephone Assistance Program

AUDIT NUMBER: 2055

DEPARTMENT/AGENCY/ENTITY: Department of Human Services

DATE: January 26, 2011

SUMMARY INFORMATION

Please complete the table below with summary information for all audit recommendations. **For multi-part recommendations, list each part of the recommendation SEPARATELY.** (For example, if Recommendation 1 has three parts, list each part separately in the table.)

Recommendation Number <i>(e.g., 1a, 1b, 2, etc.)</i>	Agency's Response <i>(i.e., agree, partially agree, disagree)</i>	Original Implementation Date <i>(as listed in the audit report)</i>	Implementation Status <i>(Implemented, Partially Implemented, or Not Implemented)</i> <i>* A recommendation that is in progress should be denoted as "partially implemented."</i>	Revised Implementation Date <i>(Complete only if agency is revising the original implementation date.)</i>
1b	Agree	Pending Commission implementation	Partially Implemented	
3b	Agree	Pending Commission implementation	Partially Implemented	
4a	Agree	July 2011	Partially Implemented	
4b	Agree	October 2011	Partially Implemented	
5a	Agree	December 2010	Implemented	
5b	Agree	December 2010	Implemented	
5c	Agree	July 2010	Implemented	
5d	Agree	July 2010	Implemented	
8	Agree	Pending further direction from the General Assembly	Partially Implemented	

DETAIL OF IMPLEMENTATION STATUS

Recommendation #: 1b

Agency Addressed: Department of Human Services

Recommendation Text in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Public Utilities Commission should improve its monitoring of the program by establishing and implementing a process for routinely monitoring the effectiveness of LITAP, as required by statute, and using this information to make program improvements. This process should include:

- b. Developing the mechanisms necessary to collect sufficient and reliable data to monitor program effectiveness. This should include working with the Department of Human Services and telephone carriers to establish roles for collecting and reporting data through a Memorandum of Agreement and program rules.

Agency's Original Response (*i.e., Agree, Partially Agree, Disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Pending Commission implementation.

If LITAP continues, the Department agrees to work with the Commission to assist in establishing roles for collecting and reporting data.

Agency's Current Comments on Implementation Status of Recommendation:

The Department and the Commission have had preliminary discussions regarding roles for collecting and reporting data. The Department has had discussions with Qwest regarding data sharing and more efficient methods for conducting the annual recertification process. The Department has requested additional CBMS and LEAP data fields from OIT and directed the LITAP certification system contractor to develop additional reports to allow for more effective reporting on applicants that are certified.

Recommendation #: 3b

Agency Addressed: Department of Human Services

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program continues, the Public Utilities Commission should improve its outreach efforts for the program by:

- b. Working with the Department of Human Services and telephone carriers to clearly define each entity's role with respect to outreach through a Memorandum of Agreement and program rules.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Pending Commission implementation.

If LITAP continues, the Department agrees to work with the Commission to assist in defining roles for conducting outreach.

Agency's Comments on Implementation Status of Recommendation:

The Department and the Commission have had preliminary discussions regarding the potential for conducting additional outreach. The Department has had discussions with the LITAP certification system contractor regarding possibilities for targeted outgoing telephone call outreach to eligible individuals in the LITAP data system that have not applied for LITAP certification.

Recommendation #: 4a

Agency Addressed: Department of Human Services

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Department of Human Services should ensure that it determines eligibility in accordance with statutory criteria and limits participation in the program to only those individuals eligible to receive the subsidy by:

- a. Assessing LITAP eligibility criteria to determine if they are clearly defined and appropriate and if it is cost-effective to determine eligibility in accordance with these criteria. If the Department determines that the criteria are not clearly defined and appropriate or if it is not cost-effective to apply these criteria, the Department should seek statutory changes to the criteria, as necessary.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: July 2011.

If LITAP continues, the Department agrees that statutory changes are necessary to clarify eligibility criteria and will seek these changes with the assistance of the General Assembly.

Agency's Comments on Implementation Status of Recommendation:

SB 11-002 clearly defines the eligibility requirements. Upon passage, the Department will make changes necessary to comply with the law, including changing the automated system so that callers are aware of the eligibility requirements.

Recommendation #: 4b

Agency Addressed: Department of Human Services

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Department of Human Services should ensure that it determines eligibility in accordance with statutory criteria and limits participation in the program to only those individuals eligible to receive the subsidy by:

- b. Once any statutory changes are made, modifying the eligibility determination process as necessary to ensure that LITAP applicants' eligibility is assessed against the criteria specified in the statute. This should include implementing changes to the eligibility policies and procedures to ensure that only one LITAP subsidy is credited to an address and name. The Department should seek additional resources as needed to carry out this modified process.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: October 2011.

Once statutory changes are made, the Department will ensure that LITAP eligibility is assessed through its certification and recertification processes in accordance with these criteria.

Agency's Comments on Implementation Status of Recommendation:

The Department has developed a new policy manual. This manual will be distributed at the next LITAP task force meeting and will be modified as statutory eligibility language is revised. The manual will be made available to telephone service providers and the public on the LEAP website after it has been finalized by the task force.

The Department plans to conduct another annual recertification process with Qwest beginning in May of 2011. The process will consider any changes in statute and procedures.

Recommendation #: 5a and b

Agency Addressed: Department of Human Services

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Department of Human Services should ensure that it has an effective, efficient, documented process for recertifying the continued eligibility of program participants by:

- a. Developing and implementing an eligibility recertification process in accordance with statute that includes all participating telephone carriers and standardizing this process through written policies and procedures.
- b. Incorporating mechanisms into the recertification process to ensure that recertification occurs timely. This could include ensuring, to the extent possible, that LITAP accounts are linked to a valid Social Security number for the program participant.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: December 2010.

Upon passage of House Bill 08-1227, the Department committed to an annual recertification process and initiated it in March 2009. The Department remains committed to a process that is in accordance with statute, is timely, documented, and includes all participating telephone carriers. There are written policies and procedures currently in place but the Department acknowledges that these can be better documented based on lessons learned as a result of last year's recertification process and with the new automated eligibility system.

Agency's Comments on Implementation Status of Recommendation:

The Department has developed a new policy manual. This manual will be distributed at the next LITAP task force meeting and will be modified as statutory eligibility language is revised. The manual will be made available to telephone service providers and the public on the LEAP website after it has been finalized by the task force.

The data in the automated system includes social security numbers that are linked to the applicant for verification of benefits. This data is provided by both the State's LEAP and CBMS eligibility systems for recipients of the following State programs: Old Age Pension (OAP),

Supplemental Security Income (SSI), Aid to the Blind (AB), Aid to the Needy Disabled (AND), Colorado Works/TANF, and the Low Income Energy Assistance Program (LEAP).

The Department plans to conduct another annual recertification process with Qwest beginning in May of 2011. The process will consider any changes in statute and procedures.

Recommendation #: 5c

Agency Addressed: Department of Human Services

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Department of Human Services should ensure that it has an effective, efficient, documented process for recertifying the continued eligibility of program participants by:

- c. Investigating the approximately 2,000 questionable Qwest Corporation accounts identified in the audit to verify the eligibility of the LITAP participants.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: July 2010.

The Department agrees to work with Qwest Corporation to investigate the approximately 2,000 questionable accounts, most of which are questionable due to duplicate Social Security numbers.

Agency's Comments on Implementation Status of Recommendation:

Per the Department's earlier request, on August 31, 2010 Qwest sent out a letter to 1,989 customers with questionable accounts requesting that the customer recertify LITAP eligibility or the LITAP credit would be discontinued after 60 days. Effective November 1, 2010, Qwest removed credits from 1,420 of these accounts.

Recommendation #: 5d

Agency Addressed: Department of Human Services

Original Recommendation in Audit Report:

If the Low-Income Telephone Assistance Program (LITAP) continues, the Department of Human Services should ensure that it has an effective, efficient, documented process for recertifying the continued eligibility of program participants by:

- d. Verifying with Qwest Corporation that it has discontinued providing the LITAP subsidy to participants who have not been recertified.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: July 2010.

The Department will work with Qwest Corporation to verify that LITAP benefits have been discontinued for participants that have not been recertified.

Agency's Comments on Implementation Status of Recommendation:

Per the Department's earlier request, Qwest sent the Department a list of customer accounts from which the LITAP benefit was removed pursuant to the recertification process. A total of 11,832 LITAP recipients received the letter requesting recertification. Of those, 1,982 or 16.75 percent were recertified and 9,850 or 83.25 percent were removed.

Recommendation #: 8

Agency Addressed: Department of Human Services

Original Recommendation in Audit Report:

The Public Utilities Commission (Commission) should work with the Department of Human Services (Department) to provide any necessary information to the Legislative Audit Committee and the General Assembly to assist with determining whether LITAP should continue or be eliminated. If the decision is made to eliminate the program, the Commission and Department should work with the Legislative Audit Committee and the General Assembly to seek statutory change, as appropriate. If the decision is made to continue LITAP, the Commission and Department should structure an efficient and effective program for overseeing and monitoring LITAP.

Agency's Response (*i.e., agree, partially agree, disagree*): Agree

Agency's Written Response in Audit Report:

Implementation date: Pending further direction from the General Assembly.

The Department agrees to work with the Commission to provide any information to the Legislative Audit Committee and General Assembly, if feasible within existing resources and available data, to assist with determining whether LITAP should continue or be eliminated.

Agency's Comments on Implementation Status of Recommendation:

On July 12, 2010, the Department provided a memo to the members of the Legislative Audit Committee that provided information pursuant to recommendation #8. Specifically, the memo provides a summary of fiscal impacts if LITAP were to continue. The Department will continue to provide information to the General Assembly upon request as it considers this issue.