

## LIHEAP Grantee Rules on Obligations and Expenditures – Scenarios

### Scenario 1

Grantee ABC received \$1 million in LIHEAP funds in FY12. They budgeted their funding as follows:

<b>Administrative Costs</b>	\$100,000	<b>Assurance 16</b>	\$50,000
<b>Weatherization</b>	\$150,000	<b>Heating</b>	\$450,000
<b>Cooling</b>	\$100,000	<b>Crisis</b>	\$100,000
<b>Total Budgeted</b>			<b>\$950,000</b>
<b>Remaining Amount</b>			<b>\$50,000</b>

On September 29, 2011, Grantee ABC executed contracts with local agencies for the period of October 1, 2011 through September 30, 2012 to perform the following services:

#### Local Agency A Received:

<b>Administrative Costs</b>	\$20,000	<b>Assurance 16</b>	\$20,000
<b>Weatherization</b>	\$50,000	<b>Heating</b>	\$150,000
<b>Cooling</b>	\$34,000	<b>Crisis</b>	\$30,000

The contract award amount was \$304,000, and as of September 30, 2012, Local Agency A had obligated and expended \$304,000.

#### Local Agency B Received:

<b>Administrative Costs</b>	\$20,000	<b>Assurance 16</b>	\$20,000
<b>Weatherization</b>	\$50,000	<b>Heating</b>	\$150,000
<b>Cooling</b>	\$33,000	<b>Crisis</b>	\$30,000

The contract award amount was \$303,000, and as of September 30, 2012, Local Agency B had obligated and expended \$303,000.

#### Local Agency C Received:

<b>Administrative Costs</b>	\$20,000	<b>Assurance 16</b>	\$10,000
<b>Weatherization</b>	\$50,000	<b>Heating</b>	\$150,000
<b>Cooling</b>	\$33,000	<b>Crisis</b>	\$40,000

The contract award amount was \$303,000, and as of September 30, 2012, Local Agency C had obligated and expended \$290,000. They returned the unobligated balance to the grantee.



Scenario 1 Questions

<b>1. Does Grantee ABC have any unobligated amounts as of September 30, 2012?</b>
<b>Answer: Yes.</b>
<b>2. If yes, what is that amount?</b>
<b>Answer: \$63,000 (\$50,000 remaining amount [originally unobligated] + \$13,000 returned from Local Agency C)</b>
<b>3. Is this amount appropriate to carry over into FY13?</b>
<b>Answer: Yes.</b>
<b>4. Why?</b>
<b>Answer: The maximum amount Grantee ABC could carry over into FY13 is \$100,000, which is 10% of Grantee ABC's award amount of \$1 million. Because Grantee ABC has an unobligated balance of \$63,000, Grantee ABC is below the maximum.</b>



**Scenario 2**

Tribal Grantee ABC received \$700,000 in LIHEAP funds in FY14. They obligated their funding as follows:

<b>Administrative Costs</b>	\$70,000	<b>Assurance 16</b>	\$35,000
<b>Weatherization</b>	\$105,000	<b>Heating</b>	\$275,000
<b>Cooling</b>	\$70,000	<b>Crisis</b>	\$80,000
<b>Total Obligated</b>			<b>\$635,000</b>
<b>Total Unobligated</b>			<b>\$65,000</b>

Tribal Grantee ABC’s vendors cut refund checks on the following dates; however, they held all checks until September 29, 2014, as agreed in the contract:

<b>Vendor #1</b>		<b>Vendor #2</b>		<b>Vendor #3</b>	
12/10/2013	\$182	12/02/2013	\$200	04/02/2014	\$600
03/06/2014	\$126	02/28/2014	\$193	05/14/2014	\$285
04/20/2014	\$85	04/29/2014	\$284	05/28/2014	\$273
06/19/2014	\$200	05/02/2014	\$185	07/23/2014	\$190
09/28/2014	\$104	09/14/2014	\$90	09/25/2014	\$24

Scenario 2 Questions

<b>1. Does Tribal Grantee ABC have any unobligated amounts as of September 30, 2014?</b>
<b>Answer: Yes.</b>
<b>2. If yes, what is that amount?</b>
<b>Answer: \$68,021 (\$65,000 originally unobligated + \$697 for Vendor #1 + \$952 for Vendor #2 + \$1,372 for Vendor #3)</b>
<b>3. Is this amount appropriate to carry over into FY15?</b>
<b>Answer: Yes.</b>
<b>4. Why?</b>
<b>Answer: The maximum amount Tribal Grantee ABC could carry over into FY15 is \$70,000, which is 10% of Tribal Grantee ABC’s award amount of \$700,000. Because Tribal Grantee ABC has an unobligated balance of \$68,021, Tribal Grantee ABC is below the maximum.</b>

**Scenario 3**

Grantee ABC received \$1 million in LIHEAP funds in FY14. They budgeted their funding as follows:

<b>Administrative Costs</b>	\$100,000	<b>Assurance 16</b>	\$50,000
<b>Weatherization</b>	\$150,000	<b>Heating</b>	\$450,000
<b>Cooling</b>	\$100,000	<b>Crisis</b>	\$100,000
<b>Total Budgeted</b>			<b>\$950,000</b>
<b>Remaining Amount</b>			<b>\$50,000</b>

On September 29, 2011, Grantee ABC executed contracts with local agencies for the period of October 1, 2013 through September 30, 2014 to perform the following services:

**Local Agency A Received:**

<b>Administrative Costs</b>	\$20,000	<b>Assurance 16</b>	\$20,000
<b>Weatherization</b>	\$50,000	<b>Heating</b>	\$150,000
<b>Cooling</b>	\$34,000	<b>Crisis</b>	\$30,000

The contract award amount was \$304,000, and as of September 30, 2014, Local Agency A had the remaining unobligated balance: \$8,000 for Weatherization; \$3,000 for Cooling; and \$12,000 for Heating.

**Local Agency B Received:**

<b>Administrative Costs</b>	\$20,000	<b>Assurance 16</b>	\$20,000
<b>Weatherization</b>	\$50,000	<b>Heating</b>	\$150,000
<b>Cooling</b>	\$33,000	<b>Crisis</b>	\$30,000

The contract award amount was \$303,000, and as of September 30, 2014, Local Agency B had obligated and expended \$303,000.

**Local Agency C Received:**

<b>Administrative Costs</b>	\$20,000	<b>Assurance 16</b>	\$10,000
<b>Weatherization</b>	\$50,000	<b>Heating</b>	\$150,000
<b>Cooling</b>	\$33,000	<b>Crisis</b>	\$40,000

The contract award amount was \$303,000, and as of September 30, 2014, Local Agency C had the remaining unobligated balance: \$10,000 for Weatherization; \$2,000 for Cooling; and \$15,000 for Heating.

**The contract award amount was \$303,000, and as of September 30, 2012, Local Agency C had obligated and expended \$290,000. They returned the unobligated balance to the grantee requires that all funding be 100% obligated in the first year in which the funding is received.**



Scenario 3 Questions

<b>1. Does Grantee ABC have any unobligated amounts as of September 30, 2014?</b>
<b>Answer: Yes.</b>
<b>2. If yes, what is that amount?</b>
<b>Answer: \$100,000 (\$50,000 remaining amount [originally unobligated] + \$23,000 returned from Local Agency A + \$27,000 returned from Local Agency C)</b>
<b>3. Is this amount appropriate to carry over into FY15?</b>
<b>Answer: No.</b>
<b>4. Why?</b>
<b>Answer: Although Grantee ABC's carryover amount is 10% of the total amount funded, the state rule is that all funding must be 100% obligated in the first year in which the funding is received. Because Grantee ABC did not obligate all funds in FY14, Grantee ABC would be required to return those funds to LIHEAP.</b>



**Scenario 4**

Tribal Grantee CDE received \$900,000 in LIHEAP funds in FY14. They budgeted their funding as follows:

<b>Administrative Costs</b>	\$90,000	<b>Assurance 16</b>	\$45,000
<b>Weatherization</b>	\$135,000	<b>Heating</b>	\$280,000
<b>Cooling</b>	\$160,000	<b>Crisis</b>	\$100,000
<b>Total Obligated</b>			<b>\$810,000</b>
<b>Total Unobligated</b>			<b>\$90,000</b>

On September 1, 2014, Tribal Grantee CDE realized that due to a change in the climate, they had only obligated \$170,000 for heating. In an effort to meet the 90% obligation rule, Tribal Grantee CDE sent benefit checks to the following electric vendors:

- **Vendor #1** – Received benefit checks totaling \$37,000
- **Vendor #2** – Received benefit checks totaling \$45,000
- **Vendor #3** – Received benefit checks totaling \$28,000

**Note:** The checks sent to the vendors on September 3, 2014, were not based on obligations made during the application process.

Scenario 4 Questions

<p><b>1. Does Tribal Grantee CDE have any unobligated amounts as of September 30, 2014?</b></p> <p><b>Answer: Yes.</b></p>
<p><b>2. Is this practice appropriate?</b></p> <p><b>Answer: Yes and no. The \$90,000 that Grantee CDE originally intended to carry over into FY15 is appropriate. However, the \$110,000 that Grantee CDE sent to vendors on September 3, 2014, not based on actual client benefit needs, is not appropriate. If the tribe chooses to continue to pre-pay benefits, pre-payment amounts should be determined based on a forecast of actual need within the time frame of the grant. Tribal Grantee CDE must also track and reconcile client accounts to ensure that they are actually receiving benefits within an allowable time frame and to ensure that vendors are not being overpaid.</b></p>
<p><b>3. What is the amount they can carry over into FY15?</b></p> <p><b>Answer: \$90,000</b></p>

**Scenario 5**

Grantee XYZ received \$1.2 million in LIHEAP funds in FY14. They budgeted their funding as follows:

<b>Administrative Costs</b>	\$120,000	<b>Assurance 16</b>	\$60,000
<b>Weatherization</b>	\$300,000	<b>Heating</b>	\$0
<b>Cooling</b>	\$450,000	<b>Crisis</b>	\$200,000
<b>Total Budgeted</b>			<b>\$1,130,000</b>
<b>Remaining Amount</b>			<b>\$70,000</b>

On September 29, 2013, Grantee XYZ executed contracts with local agencies for the period of October 1, 2013 through September 30, 2015 to perform the following services:

**Local Agency A Received:**

<b>Administrative Costs</b>	\$30,000	<b>Assurance 16</b>	\$20,000
<b>Weatherization</b>	\$150,000	<b>Heating</b>	\$0
<b>Cooling</b>	\$150,000	<b>Crisis</b>	\$50,000

At the end of the contract period, Local Agency A had obligated and expended all but \$30,000 of its Cooling costs. They returned the unobligated balance to Grantee XYZ.

**Local Agency B Received:**

<b>Administrative Costs</b>	\$30,000	<b>Assurance 16</b>	\$20,000
<b>Weatherization</b>	\$150,000	<b>Heating</b>	\$0
<b>Cooling</b>	\$150,000	<b>Crisis</b>	\$50,000

At the end of the contract period, Local Agency B had obligated and expended all of its award amount.

**Local Agency C Received:**

<b>Administrative Costs</b>	\$30,000	<b>Assurance 16</b>	\$20,000
<b>Weatherization</b>	\$0	<b>Heating</b>	\$0
<b>Cooling</b>	\$150,000	<b>Crisis</b>	\$100,000

At the end of the contract period, Local Agency C had obligated and expended all but \$10,000. They returned the unobligated balance to Grantee XYZ.

In addition, Grantee XYZ's vendors refunded the following checks:

<b>Vendor #1</b>		<b>Vendor #2</b>		<b>Vendor #3</b>	
12/10/2013	\$182	12/02/2013	\$200	04/02/2014	\$600
03/06/2014	\$126	02/28/2014	\$193	05/14/2014	\$285
04/20/2014	\$85	04/29/2014	\$284	05/28/2015	\$273
06/19/2014	\$205	05/02/2015	\$185	07/23/2015	\$190
09/28/2015	\$104	09/14/2015	\$90	09/25/2015	\$24

Scenario 5 Questions

1. Does Grantee XYZ have any unobligated amounts as of September 30, 2014?

**Answer: Maybe.** Because the contract period is for 2 years, it is impossible to determine what was obligated in Year 1 versus Year 2. However, Grantee XYZ received refunds in the first year in the amount of \$2,160. Grantee XYZ may have re-obligated the refund amounts in the first year or carried them over into FY15 if the amount would not have exceeded the 10% limit.

2. At the end of the contract period (September 30, 2015), Local Agency A returned \$30,000 and Local Agency C returned \$10,000 to Grantee XYZ. Can Grantee XYZ re-obligate those funds?

**Answer: No.**

3. Why or why not?

**Answer: Grantee XYZ cannot re-obligate those funds because the funds are outside of the two-year obligation period.**

**Notes:** Grantee XYZ obligated 25% of its funding to weatherization ( $\$1,200,000 \times 25\% = \$300,000$ ). The maximum allowed without prior approval from the LIHEAP office is  $\$1,200,000 \times 15\% = \$180,000$ . **Therefore, Grantee XYZ would have questioned costs of \$120,000.**