

# OBLIGATION OF FUNDS AND CARRYOVER

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ADMINISTRATION FOR  
**CHILDREN & FAMILIES**

NEADA

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**Presented by  
Josephine Rago-Adia,  
Administration for  
Children and Families**

# OBLIGATION OF LIHEAP FUNDS

- At least 90% of LIHEAP funds must be obligated within the federal fiscal year in which they are received.
- Up to 10% of LIHEAP funds may be carried over for obligation in the following federal fiscal year.
- The LIHEAP statute does not define the concept of “obligation.”

# DEFINING AN OBLIGATION

- LIHEAP grantees are expected to conform with their tribe's definition of obligation.
  - Usually, this is laid out in the tribe's accounting manual.
- Funds do not have to be expended in order for them to be considered obligated.

# TRACKING FUNDS

- Grantees should have a system in place to track obligated, expended and unobligated funds.
- Tribal LIHEAP administrators should work with their fiscal offices to ensure they understand the difference between obligated and expended funds.
- Tribe administrators should regularly cross check their internal record-keeping of obligated and expended funds with what has been recorded in the tribe's accounting system by the fiscal office.

# REPORTING UNOBLIGATED FUNDS

- On August 1, tribes must submit the Carryover and a Reallotment Report to HHS on how much, if any, of the tribe's funds from that federal fiscal year have not been obligated.
- This report is an estimate of how much funds remain unobligated as of September 30<sup>th</sup> of that year. Not all tribes end their programs by August 1<sup>st</sup>.
- If the numbers in the report change between August 1<sup>st</sup> and September 30<sup>th</sup>, the tribe must submit a revised report.

# CARRYOVER OF FUNDS

- If a tribe wishes to carryover funds into the next federal fiscal year, they are required to include an explanation in the report for:
  - the reason the funds cannot be obligated in the year they are allotted; and
  - a description of the types of assistance to be provided with these funds in the following federal fiscal year.

# REALLOTMENT OF FUNDS

- If a tribe has more than 10% in unobligated funds as of September 30<sup>th</sup>, those funds must be returned to the federal government to be redistributed to grantees in the following year.

# OBLIGATING FUNDS AT THE END OF THE YEAR

- To avoid losing these funds, tribes may want to use money left over to:
  - Buy fuel in bulk for the next winter
  - Replace unsafe furnaces
  - Make supplemental benefit payments for heating or cooling costs
  - Buy blankets or electric space heaters to be distributed in the next heating season
  - Call your LIHEAP liaison for help and suggestions.
- If funds still cannot be obligated by the tribe, the funds must be returned to HHS.

# CARRYOVER OF FUNDS

- Carryover funds do not affect the tribe's allocation for the following year.
- If a tribe chooses to carry over 10% of the previous year's funds, those funds may be used in addition to the tribe's allocation for that year.

# CARRYOVER OF ADMINISTRATIVE COSTS

- It is very important to track obligation of administrative costs and obligation of programmatic (benefits) costs separately.
- If you obligated all of your administrative costs in the current federal fiscal year, and you carryover funding into the next federal fiscal year, that carryover CANNOT be used for administrative purposes. It can only be used for benefits.
- Your carryover amount cannot be combined with your next year's award to determine the next year's award's admin costs.

# CONTACT INFORMATION

Jojie Rago-Adia, Program Analyst

Office of Community Services  
Administration for Children and Families

202-401-4710

[Josephine.ragoadia@acf.hhs.gov](mailto:Josephine.ragoadia@acf.hhs.gov)