OBLIGATION OF FUNDS AND CARRYOVER

Prepared by the National Energy Assistance Directors’ Association for the Office of Community Services within the U.S. Department of Health and Human Services Administration for Children and Families under contract #HHSP233201250026A.
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.”
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.
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.
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 30th of that year. Not all tribes end their programs by August 1st.

If the numbers in the report change between August 1st and September 30th, the tribe must submit a revised report.
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.
If a tribe has more than 10% in unobligated funds as of September 30th, those funds must be returned to the federal government to be redistributed to grantees in the following year.
To avoid losing the 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.
Jojie Rago-Adia, Program Analyst

Office of Community Services
Administration for Children and Families

202-401-4710
Josephine.ragoadia@acf.hhs.gov