Sub-Grantee Contracts: Tools for Uniformity in LIHEAP Delivery

Many state LIHEAP grantees rely on community-based organizations to administer at least one component of their programs. The LIHEAP statute does not require grantees to use these organizations, which are often referred to as sub-grantees, local administering agencies, or local agencies. However, if grantees choose to use them, the LIHEAP statute does have some instructions. Assurance 6 requires grantees to give special consideration to:

“...any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964....”

One piece of the Economic Opportunity Act created community action agencies (CAA) as part of the “War on Poverty.” The Act tasked CAAs with providing services, assistance, and other activities “to give promise of progress toward elimination of poverty” and “bettering the conditions under which people live, learn, and work.”

Besides the reference to community action agencies, Assurance 6 contains a few more provisions. It states that grantees need to “determine that the agency involved meets program and fiscal requirements” established by the LIHEAP grantee. It also says that, if a CAA does not exist, the grantee should look for “any successor agency which is operated in substantially the same manner as the predecessor....”

Considering the specifications contained in Assurance 6, it is not surprising that state grantees choosing to use sub-grantees frequently pick CAAs. As you can see in the table on the next page, 30 state grantees planned to use CAAs to administer some portion of their LIHEAPs during Fiscal Year 2017, which is twice as much as the second choice of local non-profits. In their plans, 24 states referenced the central office engaging in some part of the administration process. Frequently the state office processes benefits, while determining client eligibility is the task of a local agency.

Resources:
Sub-Grantee Contracts

- LIHEAP Clearinghouse pages on:
  - Monitoring and Oversight
  - Vendor and Local Administering Agency Contracts
  - Fiscal Management
- Delaware LIHEAP’s Sub-Grantee Evaluation Tool
- Vermont LIHEAP’s Attachment G
- LIHEAP 2015 National Conference, LIHEAP Overview and Grantee Roles and Responsibilities, June 17, 2015
As part of their annual plans, grantees designate if they will use sub-grantees. They also fill out a section related to how certain facets of their LIHEAPs will operate. Grantees identify what entities will determine client eligibility, process benefits to gas and electric vendors, process benefits to bulk fuel providers, and install weatherization measures. While the majority of state grantees use sub-grantees to administer at least one LIHEAP component, tribal and U.S. territory grantees tend to run smaller programs through one centralized office and do not use local agencies.

For the LIHEAP grantees that use local administrators, the contractual agreement between the grantee and sub-grantee needs to clearly outline what is expected and required of the local agency administering LIHEAP. However, it is also important for grantees to understand there are certain tasks which should not be contracted out to another entity. This report will examine the following aspects of state grantees contracting with sub-grantees:

- Core Responsibilities for Grantees
- Evaluating Sub-Grantees
- Allocating Funding to Sub-Grantees
- Determining and Disbursing Benefits
- Reporting Requirements for Sub-Grantees
- Monitoring and Program Audits for Sub-Grantees

### Core Responsibilities for Grantees

During both the 2015 national training conference for LIHEAP grantees by the U.S. Department of Health and Human Services (HHS) and the 2015 National Energy and Utility Affordability Conference, federal officials outlined many of the tasks which grantees should not contract out to other entities. Key among them was the grantee’s responsibility to develop LIHEAP-specific policies and procedures, including the development of a program manual and annual plan. These two documents provide the roadmap for LIHEAP to be applied uniformly throughout the grantee’s service area. Within the program manual and annual plan, the grantee establishes definitions for the crisis component, administrative costs, obligations, expenditures, and other terms; sets the benefit levels; determines the eligibility criteria; decides how LIHEAP funds will be allocated to program components; and many other details. The LIHEAP Clearinghouse has copies of state and tribal plans, along with a few LIHEAP manuals. As part of submitting the annual plan, the grantee is also responsible for signing off on LIHEAP’s Assurances.

The grantee maintains responsibility for LIHEAP funding, even if it contracts with a local administering agency. This means that the grantee must have in place proper monitoring policies and procedures for both the state office and local sub-grantees. Monitoring is important to ensuring that LIHEAP funds are used in compliance with federal statute and regulations, in addition to the grantee’s annual plan and program manual. Sub-grantee contracts frequently refer to the grantee’s program manual for more detailed information, which points to the necessity of having clear policies and procedures presented in one document.

The grantee is the only entity that can drawdown the federally-appropriated LIHEAP funds. The Cash Management Improvement Act of 1990 details the

<table>
<thead>
<tr>
<th>State Grantees’ Use of Local Administering Agencies (FY 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Action Agencies</td>
</tr>
<tr>
<td>County Government / Welfare Offices</td>
</tr>
<tr>
<td>Local Non-Profits</td>
</tr>
<tr>
<td>State Office</td>
</tr>
</tbody>
</table>

*Note: Some grantees designate more than one type of agency to administer some portion of their LIHEAP in their plans, which is why the total of this table is more than 51 (the states plus Washington D.C.)*

*Source: State and Washington D.C. Fiscal Year 2017 Annual LIHEAP Plans*
process by which federal agencies transfer funds to states and territories. LIHEAP funds cannot be co-mingled with other monies, and grantees must make sure this practice extends to sub-grantees.

The grantee also must have adequate systems and/or processes in place to track how the LIHEAP funds are spent during the federal fiscal year, which can be challenging since different timeframes can be in play at the same time. While the grantee must report on how funds were used during the federal fiscal year, the state’s fiscal year and/or the program year used by the sub-grantee can be different. Despite these potential differences, the grantee must stay focused on the federal fiscal year.

Finally, the grantee cannot contract out its responsibility for submitting required annual reports and data to HHS. While grantees may, and often do, require sub-grantees to send reports with needed data, it is up to the grantee to compile the information and submit the reports.

**Evaluating Sub-Grantees**

The contract with sub-grantees establishes the practices, procedures, and expectations that will take place between the local agency and the LIHEAP grantee. However, before contracting with a local agency, the grantee needs to evaluate potential sub-grantees. Part of this evaluation needs to be a risk assessment. According to a presentation by HHS at its 2015 training conference, the elements of a risk assessment are:

- What is the sub-grantee’s prior experience with LIHEAP or similar programs?
- What are the results of previous audits and the grantee’s monitoring?
- How do the sub-grantee’s personnel and systems perform?
- What are the extent and results of federal monitoring for any federal program administered by the local agency?

The purpose of such an evaluation is to ensure that there will be good tracking and fiscal accounting of LIHEAP funds by the local agency. The table on page 4 was provided by HHS as an example of how a risk assessment might look.

Delaware has used an extensive tool to evaluate agencies that respond to its request for proposals to be a local LIHEAP administrator. To get an “Outstanding” score of 80-100, a sub-grantee must show an exceptional approach and understanding of the program’s requirements. Such proposals must contain “multiple significant strengths and no more than one weakness, which is not significant.” Also, the tool says the strengths must far outweigh the weaknesses and there can be “no deficiencies.” On the other end of the Delaware scale, the lowest ranking is an “Unacceptable” score of 0-19. This means the sub-grantee does not meet the requirements. Risk of unsuccessful performance is “extremely high,” and potential problems are so serious that corrective actions would not be effective.

The Delaware tool includes ways to evaluate the sub-grantee’s internal monitoring practices, its programmatic activities, personnel (board and staff), job descriptions, and how it will meet the various portions of LIHEAP’s statement of work (eligibility, leveraging, etc.). The tool contains separate sections for technical evaluation, requirements evaluation, budget evaluation, and past performance evaluation scorecards.

Sub-grantee contracts commonly address the process of grantees identifying problems and requiring sub-grantees to implement corrective action plans. For example, Minnesota’s sub-grantee contract contains a clause about corrective action. It says that, if the state finds the sub-grantee’s “performance is deficient or has not complied with contract requirements,” the state will devel-
### Example of Risk Assessment

<table>
<thead>
<tr>
<th>AREA EVALUATED</th>
<th>RESULTS OF EVALUATION</th>
<th>RISKS</th>
<th>ACTION TAKEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior Experience</td>
<td>• Large remaining balance of unspent funds for the prior year</td>
<td>• Over-funding sub-grantee</td>
<td>• Reduced funding by 10% from the previous year, more frequent reporting, and monitoring will be included with the performance review</td>
</tr>
<tr>
<td></td>
<td>• Number of clients served was less than 70% of plan for prior year</td>
<td>• Sub-grantee’s inability to serve client population</td>
<td>• Monitoring will include intake processing</td>
</tr>
<tr>
<td>Review Audit Results</td>
<td>• Single Audit Report completed</td>
<td>• Risk is low</td>
<td>• Ensure sub-grantee monitoring is performed this program year for LIHEAP</td>
</tr>
<tr>
<td></td>
<td>• Issue of non-compliance with the Community Development Block Grant federal program</td>
<td>• There could be non-compliance with LI-HEAP program</td>
<td>• Focus monitoring on financial compliance</td>
</tr>
<tr>
<td>Personnel and Systems</td>
<td>• New LIHEAP program manager</td>
<td>• Certain program administrative requirements (plan development and reporting – Deputy was not responsible for this in the past) could be overlooked</td>
<td>• This would not impact any plans for monitoring LIHEAP</td>
</tr>
<tr>
<td></td>
<td>• New manager was previous deputy program manager with 6 years of experience with LIHEAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extent and Results of Federal Monitoring</td>
<td>• Department of Labor monitored sub-grantee because of construction projects during last program year.</td>
<td>• None; no impact or risk on LIHEAP</td>
<td></td>
</tr>
</tbody>
</table>
op and implement a corrective action plan. It says, if the sub-grantee does not implement the plan, the contract may be voided.

Similarly, the portion of Indiana’s sub-grantee contract that deals with reporting requirements says that the local agency will comply with any corrective actions specified by the state office. Under the contract, the grantee will provide a written report to the sub-grantee outlining any troubling findings and specific directions for corrective action. The sub-grantee is given 30 days to comply unless it reaches a different deadline with the state office. The contract says that failure to comply would be considered a breach of contract.

Evaluating sub-grantees is important when using local administering agencies for LIHEAP. It helps to make sure that local agencies have the experience, systems, and knowledge to run LIHEAP successfully.

**Allocating Funding to Sub-Grantees**

One of the first factors to be determined after selecting a local agency is how the sub-grantee will receive LIHEAP funds, both the process involved and the frequency of distribution by the grantee.

Since LIHEAP is a block grant and leaves many decisions up to grantees, it is not surprising that there are numerous approaches taken in regards to sending funding to sub-grantees. Most grantees determine how much money will be available to each sub-grantee and place that total into the contract, sometimes specifying a specific dollar amount on each LIHEAP component.

The following example comes from an Arkansas contract:

<table>
<thead>
<tr>
<th>Sub-Grantee Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEAP Assurance 16</td>
<td>$70,511</td>
</tr>
<tr>
<td>HEAP Projected Administration</td>
<td>$105,185</td>
</tr>
<tr>
<td>HEAP Regular Assistance</td>
<td>$761,894</td>
</tr>
<tr>
<td>HEAP Crisis Intervention</td>
<td>$551,170</td>
</tr>
<tr>
<td>HEAP Total Allocation</td>
<td>$1,488,760</td>
</tr>
</tbody>
</table>

The way amounts for each LIHEAP line item are determined can involve many sources. Grantees may look at data in the local agency’s service area from previous years (households served, fuel types used, regional climate, types of housing, etc.), consult the most recent information published by the American Community Survey, gather other regional and/or local data, or use a combination of sources. In many cases, grantees include language that explains how any additional federal LIHEAP funding (such as leveraging awards, re-allotted funds, emergency funds, etc.) will be handled and distributed to sub-grantees.

When and how frequently local agencies receive the funding from the grantee also varies. HHS recommends that grantees not forward fund LIHEAP at the local level. Using the Arkansas example above, HHS would prefer that the grantee not transfer the roughly $1.49 million in one lump sum to the sub-grantee at the beginning of the program year. Instead, HHS prefers to have the grantee reimburse the sub-grantee for LIHEAP work already conducted.

When using this process, most grantees outline the structure for reimbursement in their contracts, giving timeframes for when sub-grantees should submit their invoices for LIHEAP services performed. Sub-grantees are asked to submit invoices on a weekly, bi-weekly, or monthly basis. Understanding that some times of the year are busier than others for LIHEAP, grantees occasionally include language in the contract that encourages sub-grantees to submit invoices “as needed” or “as frequently as necessary” to effectively run the program at the community level.

Many grantees operate their LIHEAPs in the fashion of sub-grantees submitting invoices for LIHEAP
work performed, and the grantee reimbursing them for those expenses. This model makes it easier for the grantee to track how LIHEAP funding is being distributed at the local level, along with helping the grantee make sure the expenses of all sub-grantees don’t exceed the mandatory caps on administration, Assurance 16, and weatherization spending. It also allows grantees to examine any emerging trends that might be happening—for example, more crisis applicants using delivered fuel or less overall heating/cooling applicants than anticipated—and make any adjustments to the overall program that might be needed.

Some grantees offer limited forward funding to sub-grantees with the hope that it will help the local agency have staff hired and trained by the time LIHEAP begins. The grantees that do this often have multi-year contracts with local agencies, and this startup funding comes from the LIHEAP funding the grantee has carried over from the previous year (up to 10 percent of the grantee’s previous allotment). In many cases, this funding is treated like a credit and is subtracted from the sub-grantee’s first reimbursement of the current federal fiscal year.

Regardless of how and when LIHEAP funding is provided to sub-grantees, most grantees put clear language in their contracts that require sub-grantees to return any unused funds. Returning this money is very important so the grantee has time to obligate it towards another purpose during the current fiscal year.

This could involve applying it to another LIHEAP component, allocating the money to another sub-grantee to be disbursed, buying blankets and portable heaters for the next heating season, buying air conditioners and fans for the next cooling season, or some similar practice. If the grantee has enough room under its 10 percent carryover cap, returned funds could be carried over into the next federal fiscal year. For more information on obligation and carryover, please see this HHS Power-Point on Obligations vs. Expenditures. If unused funds are not obligated and cannot be carried over, they must be returned to HHS to be reallocated.

### Determining and Disbursing Benefits

Approximately 80 percent of state grantees use local agencies to determine eligibility for at least one component of their LIHEAP (see table below). To that end, most grantees include language in their contracts that either specifies the income limit and other eligibility factors used to determine client eligibility for each component, or they direct sub-grantees where to look for that information, such as in annual plans or the grantee’s program manual.

Grantees typically include the types of documentation that sub-grantees should consult when determining eligibility and include some instructions on what should be done with the information—enter it into a computer system, retain hard copies, etc. Contracts also routinely include the number of days a sub-grantee has to tell applicants whether or not they are approved for LIHEAP assistance. Many grantees contract with local agencies to determine the benefit awarded to an eligi-

<table>
<thead>
<tr>
<th>State Grantees’ Use of Local Administering Agencies (FY 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Determines Eligibility for at Least One LIHEAP Component</td>
</tr>
<tr>
<td>Local Agency Processes Benefit Payments to Gas and Electric Vendors</td>
</tr>
<tr>
<td>Local Agency Processes Benefit Payments to Bulk Fuel Vendors</td>
</tr>
</tbody>
</table>

**Source:** State and Washington D.C. Fiscal Year 2017 Annual LIHEAP Plans
ble applicant, which the agency does using the benefit matrix developed by the grantee.

The table on page 6 shows a majority of grantees use local agencies to process the benefit payments to applicants’ energy vendors. For these sub-grantees, the contract outlines the process by which they are supposed to issue these payments. Frequently, grantees have slightly different instructions for payments made to gas or electric utilities versus delivered fuels.

In some states, such as Indiana, contracts stipulate that sub-grantees can only issue payments directly to vendors and cannot issue them to the applicants themselves. Issuing the benefit directly to the vendor is a best practice when it comes to program integrity, because the grantee knows LIHEAP funds went toward energy expenses. In some states, like Arkansas, the local agencies are charged with getting vendor agreements signed in their service areas, while in others, the state LIHEAP office secures the agreements.

Sometimes sub-grantees are not just charged with determining eligibility and paying out the benefit. Grantees can include language requiring them to do specific outreach activities to target low-income households.

For example, it is common for contracts to direct sub-grantees to perform specific outreach activities to vulnerable communities, including low-income seniors, people with disabilities, and households with children. Connecticut even includes language that sub-grantees may have to do special outreach visits to homebound households as part of their efforts. By incorporating these types of provisions into the contract, grantees make sure that they are adhering to the outreach expectations of Assurance 3.

### Reporting Requirements for Sub-Grantees

In order to receive funding for the next federal fiscal year, grantees must file various reports with HHS, in addition to their annual plans. These reports document how LIHEAP funds were spent, how many households were served, and other similar data. Grantees using local agencies need to receive the necessary information from the sub-grantees to accurately complete and submit these required reports. Therefore, grantees frequently outline in their sub-grantee contracts when such data needs to be provided to them.

For example, Vermont’s 2015 contract for its crisis program includes a schedule of reporting timeframes and deadlines for various household-specific data:

b) **Monthly Data Reports** are due as follows
   
   - Due Feb. 15, 2015 for January 2015
   - Due March 15, 2015 for February 2015
   - Due April 15, 2015 for March 2015
   - Due May 15, 2015 for April 2015

   The contract also outlines the data that needs to be reported by the sub-grantee, which includes the number applications received, approved, and denied; the amount of benefits issued during the reporting period and how much funding the sub-grantee has left; and information related to applying households’ income levels. The contract includes instructions that reports need to be submitted to the LIHEAP director. A copy of Vermont’s requirements for data reporting can be found here.

Some states have statewide computer systems that house LIHEAP data. In those cases, sub-grantee contracts instruct intake workers to enter data into those databases. In these cases, most contracts contain language signifying that the
state will provide training for intake workers on how to use these statewide systems.

Starting with Fiscal Year 2016 data, state grantees will have a new set of data to report to HHS. In November 2014, HHS announced it had received approval for the collection and reporting of data related to four new LIHEAP performance measures. The measures are: Benefit Targeting Index, Burden Reduction Targeting Index, Service Restoration, and Service Loss Prevention. A Federal Register notice outlined the kinds of data that will need to be collected for each measure. State grantees will be required to report performance measurement data for Fiscal Year 2016. For more information about performance measures, please see the LIHEAP Performance Management website.

Many states have already edited the language of their contracts to highlight the need for subgrantees to gather and report the data for the new performance measures. For example, Arkansas contracts require local agencies to “provide all reports necessary to compile the LIHEAP Performance Measures Report” and direct subgrantees to consult the state’s LIHEAP policy manual for more information. In addition to the data for performance measurement and the other reports already mentioned, many grantees include somewhat generic language in their sub-grantee contracts that local agencies are expected to gather and submit any other information the grantee needs to file required HHS reports.

**Monitoring and Program Audits for Sub-Grantees**

Grantees also include provisions in their subgrantee contracts that relate to reviewing the performance and accountability of local agencies when it comes to providing LIHEAP services and documenting the use of LIHEAP funds. This is part of the grantee’s responsibility to engage in both programmatic and fiscal monitoring of its LIHEAP, which are outlined in Assurance 10:

“…provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the “Single Audit Act”).”

Furthermore, the Code of Federal Regulations regarding LIHEAP provides additional requirements in 45 C.F.R. 96.84(c):

“(c) Prevention of waste, fraud, and abuse. Grantees must establish appropriate systems and procedures to prevent, detect, and correct waste, fraud, and abuse in activities funded under the low-income home energy assistance program. The systems and procedures are to address possible waste, fraud, and abuse by clients, vendors, and administering agencies.”

In short, these policies demonstrate that grantees remain responsible for how LIHEAP funds are used and how their programs are administered even when they use sub-grantees. In its 2012 report, the LIHEAP Program Integrity Working Group recommended using the contracts with local agencies as a primary strategy for ensuring that all LIHEAP funds are properly spent and accounted for. The Working Group recommended that contracts include language requiring sub-grantees to follow generally-accepted accounting principles and have
appropriate audits.

A key to making sure LIHEAP funds are used correctly is monitoring how sub-grantees are implementing the program. At its 2015 national training conference, HHS instructed grantees to develop monitoring plans based on their LIHEAPs’ individual characteristics, requirements, and goals. HHS noted that monitoring plans should include, but are not limited to, the following elements:

- Ensuring client eligibility is performed in accordance with your policies and procedures
- Tracking applications for approval
- Verifying qualified benefits
- Testing the transmittal (claims) process
- Confirming crisis assistance
- Providing notification of a right to a fair hearing
- Establishing procedures to detect waste, fraud, abuse

In practice, the parts of the sub-grantee contract that deal with monitoring vary in their specificity from grantee to grantee. Some grantees include general language saying that the sub-grantee must make its LIHEAP records open for inspection when requested. Other grantees get more specific about how often monitoring will take place and the ways it may be conducted. For instance, some grantees commit to performing on-site reviews according to a schedule (once every year, every two years, etc.), along with more frequent “desk reviews” conducted online from the grantee’s office. A few grantees also require that sub-grantees conduct internal monitoring and report the results to the grantee.

At its 2015 training conference, HHS recognized that frequent on-site monitoring may not be feasible for all grantees due to budget and staffing constraints, along with the number of local agencies used. It said on-site reviews can happen annually, every two years, or every three years. It recommended doing periodic desk reviews to check for inaccuracies and anomalies.

Most grantees employ a combination of monitoring practices. One example comes from Missouri, where its contract says that sub-grantees will be monitored on-site at least once every three years. The contract also includes language that the state reserves the right to monitor the sub-grantee, either in person or through desk monitoring. Finally, it requires sub-grantees to conduct what is called “self-monitoring.” This involves reviewing at least 30 LIHEAP customer case files during the federal fiscal year. Sub-grantees are told to use the review...
form found in the state’s LIHEAP policy and procedures manual and to submit a completed program compliance report to the state office by September 30 of each federal fiscal year.

HHS told attendees of its 2015 training conference that, due to staffing limitations, some grantees decide to contract out monitoring to independent contractors. HHS warned grantees to be cognizant of conflicts of interest when using an outside auditor. For example, a grantee contracts with a statewide community action association to administer LIHEAP. The association then subgrants the funds to its local members. The state should not contract with the association to perform monitoring, since the association would be monitoring its own member agencies. These member agencies comprise the association’s board of directors, which would establish a dynamic where local agencies were monitoring themselves. To avoid these types of conflicts of interest, many grantees that contract out monitoring use certified public accounting firms or similar entities.

In addition to monitoring requirements, grantees must follow mandated auditing procedures. If they spend over $750,000 in federal funds during a fiscal year, LIHEAP grantees must comply with the provisions of the Single Audit Act and OMB Circular A-133, which were enacted to standardize auditing requirements for federal programs.

The Single Audit Act states that grantees are subject to one audit of all their federal programs instead of separate audits for each program. OMB Circular A-133 is an extensive guide used for the single audit. The $750,000 threshold means that all state LIHEAP grantees, and some tribal grantees, are subject to these single audit provisions.

Both the single audit requirement and program integrity are reasons that state grantees include language in their sub-grantee contracts that require local agencies to have audits. The vast majority of state grantees require local agencies to have an annual audit in compliance with the Single Audit Act and OMB Circular A-133 requirements (see table on page 9). Generally, a timeframe for when audits need to be completed and submitted to the grantee are also included in the contract.

<table>
<thead>
<tr>
<th>State Grantees</th>
<th>Use of Training for Local Agencies (FY 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide Formal Training Conference</td>
<td>41</td>
</tr>
<tr>
<td>• Annually</td>
<td>33</td>
</tr>
<tr>
<td>• Biannually</td>
<td>3</td>
</tr>
<tr>
<td>• As Needed</td>
<td>25</td>
</tr>
<tr>
<td>Provide On-Site Training</td>
<td>45</td>
</tr>
<tr>
<td>• Annually</td>
<td>10</td>
</tr>
<tr>
<td>• Biannually</td>
<td>1</td>
</tr>
<tr>
<td>• As Needed</td>
<td>45</td>
</tr>
<tr>
<td>Provide Employees with Policy Manual</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: State and Washington D.C. Fiscal Year 2017 Annual LIHEAP Plans

**Conclusion**

LIHEAP is a complex program and using sub-grantees, while helpful and frequently necessary to successfully reach low-income communities, does add another layer of accountability and administration. The LHEAP statute and regulations place the responsibility of making sure funding is used properly with the grantees. This means that developing solid policies and procedures is a must. It also means that the grantee must make sure its sub-grantees are implementing those measures, along with the federal requirements.

Providing training for local agencies is an important part of making sure that all levels of LIHEAP are on the same page. The majority of state grantees provide some form of training to sub-grantees (see the table above) and include language in their contracts about it.

For example, Utah’s contract includes the provision that the state will provide training to local...
agency personnel working on LIHEAP and requires that these sub-grantee staffers attend the training when it is offered. Similarly, Vermont’s contract says the sub-grantee staffers working on LIHEAP agree to participate in a rules training conducted by the state office.

The LIHEAP Clearinghouse website has examples of sub-grantee contracts being used by grantees. Contracts are a tool that can be used in coordination with annual plans and LIHEAP policy manuals to try and remedy potential problems before they happen, along with addressing complications that may arise. They are agreements that should make it clear to both grantees and sub-grantees what the expectations and procedures are for both entities when it comes to successfully implementing LIHEAP.

This report has been prepared by the LIHEAP Clearinghouse under contract with the U.S. Department of Health and Human Services, Division of Energy Assistance. The content of this publication does not necessarily reflect the views or policies of the Department of Health and Human Services, nor does mention of trade names, commercial products, organizations or program activities imply endorsement by the U.S. Government or compliance with HHS regulations.