Low Income Home Energy Assistance Program
Guidance LI-018-01
Subject: Recording Energy Assistance Benefit Payments in the General Ledger
Effective Date: July 1, 2018
Release Date: May 16, 2018

Background: During the recent Health and Human Services (HHS) monitoring visit, monitors noticed inconsistencies amongst subgrantee’s recording of benefit payments. Subgrantees were recording benefit payments in their General Ledgers (GL) as expenditures in cases where the payments were not ultimately made. For example, if an LSP had a transmittal for $1,000, but the vendor only approved $800 of benefits, the payment would be made for $800. However, the benefits were still being recorded in the GL as $1,000. LSPs who are not recording data accurately may present an opportunity for inaccurate planning or reporting. Furthermore, Energy Assistance benefit funds are never paid from IHCDA to LSPs, nor are the funds able to be spent by LSPs, so they cannot be classified as Accounts Payable, Accounts Receivable, or any other applicable account or line item. Therefore Energy Assistance benefit funds should not be included in an LSP’s general ledger.

HHS cited Section 2605(b)(10) of the LIHEAP statue [42 U.S.C S 8624(b)10] – Assurance 10:

Provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement 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");

Policy Change: LSPs must not record LIHEAP benefits on their general ledgers. This is because LIHEAP benefits never actually go into the LSP’s budget. Only Admin and Assurance 16 should be on the general ledger.