



ADMINISTRATION FOR **CHILDREN & FAMILIES**

Office of Community Services | 330 C Street, S.W., Washington, DC 20201
www.acf.hhs.gov/ocs

LIHWAP Site Visit Observation Guide

Introduction

Over the past federal fiscal year, the Office of Community Services (OCS) Low Income Households Water Assistance Program (LIHWAP) staff engaged several grant recipients on site visits as well as programmatic and fiscal monitoring efforts. These engagement activities reviewed LIHWAP grant recipients program operations from inception through current activities. During the course of these efforts, several observations were made. The scenarios observed from OCS' site visits and monitoring of LIHWAP grant recipients are shared within this guide. The guide highlights LIHWAP notable best practices and concludes with some frequently asked programmatic, administration, and compliance questions.

The goal of this guide is to support LIHWAP grant recipients to improve program implementation and to ensure LIHWAP serves low-income households with high water burdens.

Notable Practices

Intake, Eligibility, and Benefit Determination

1. **Serving Households:** The grant recipient's application to apply for LIHWAP benefits was easy and straight forward. This is a benefit to beneficiaries who often face burdensome application processes. The grant recipient made great efforts to ease the application process and increase program eligibility, such as a combined Low Income Home Energy Assistance Program (LIHEAP)/LIHWAP application, implementing a policy to allow payments above the maximum benefit, adding eligibility for households who are current on their bills. In addition, grant recipients changed minimum benefit levels from \$50 to \$25 and subsequently to \$0 in FY 2023 after observing water and wastewater rate policies varied across that state. Some water utilities would cut service after one month of arrearages or for low past due amounts. Reducing the minimum benefit can be helpful for households with no or low past-due amounts. This can leave credits on their accounts and provide an equitable and useful amount of assistance, regardless of their providers' policies.
2. **Use of Categorical Eligibility:** The grant recipient considers a LIHWAP applicant to be categorically eligible for the program if they have already been determined eligible for the LIHEAP, the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Supplemental Security Income (SSI). Intake workers have view-only access to the state's system for tracking SNAP and TANF. Intake workers are easily able to verify if a LIHWAP applicant has already been determined eligible for SSI, SNAP and TANF and is thus categorically eligible for LIHWAP. The use of categorical eligibility reduces the



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burden on LIHWAP applicants, and the use of this system is an efficient method for intake staff to confirm eligibility. For more information on implementing categorical eligibility, review the Categorical Eligibility Information Memorandum.

3. **Thoughtful Benefit Policies:** The grant recipient put a substantial amount of work into creating its benefit matrix, resulting in a policy that promotes economic stability for LIHWAP clients. LIHWAP clients receive a benefit equal to the full amount of their past due water and/or wastewater bill plus an additional amount, as determined by the benefit matrix, to serve as a credit for future bills. The grant recipient created its benefit matrix so that credits issued on behalf of clients should cover four to six months of water and wastewater bills. The grant recipient collaborated with seven of the largest water service providers across the state. The water service providers informed the grant recipient of their water and wastewater rates and the arrearages their customers had. The grant recipient also gathered information from a 2019 rate study. They used this information to determine what benefit amount was needed to cover four to six months of water and wastewater bills for clients. Ahead of the second program year, FY 2023, the grant recipient used data from the water and wastewater bills of clients served in FY 2022 to reassess its benefit matrix.

Participation with Water Utilities

4. **Outreach to Vendors:** A subgrant recipient noted that the grant recipient was heavily involved in outreach to vendors and worked in partnership to encourage the participation of water vendors in the program. The grant recipient also has a strong partnership with the state's water association helping them strive for equity in program administration and bring direct training and technical assistance to the state's small systems and vendors.

Internal and External Processes and Coordination

5. **Coordination and Communication with Subgrant Recipients:** The grant recipient has strong relationships with its subgrant recipients which eased LIHWAP implementation and resulted in real-time policy adjustments where necessary. The grant recipient staff conducted monthly meetings during the first year of program implementation which allowed for any identified issues to be remediated quickly.

6. **Annual Monitoring Process for Subgrant Recipients:** The grant recipient conducts on-site monitoring for each of its subgrant recipient on an annual basis to ensure compliance with program policies. This process includes monitoring of a sub-set of the water and wastewater service providers that each subgrant recipient works with.

7. **Coordination Between Program and Fiscal Staff:** Grant recipient program and fiscal staff have frequent meetings and communications that lead to a more seamless implementation of LIHWAP and ensures compliance with the Terms and Conditions for LIHWAP.



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Frequently Asked Questions

Intake, Eligibility, and Benefit Determination

Question 1: What should the approval process be for LIHWAP applicant eligibility and benefit amounts prior to payment processing?

Answer: To reduce the risk of waste, fraud, and abuse there should be multiple (at least two) approvers of the LIHWAP applicants' eligibility and benefit amount determination prior to payment processing. This should be the same requirement for any grant recipient or subgrant recipient that is responsible for determining eligibility and benefit amount. If eligibility determination is conducted by the subgrant recipient, the subgrant recipient must develop procedures to ensure reduced risk for error, misuse, or fraud by separating the responsibilities related to eligibility determination or identify methods to review documentation for eligibility determination on a regular basis. This may include multiple steps in the process that are completed by more than one person, or a second level of review prior to finalizing eligibility determinations.

Question 2: Do grant recipients need to serve households where water is included in the rent?

Answer: To comply with the [LIHWAP Supplemental Terms and Conditions](#), grant recipients need to serve households where water is included in the rent. OCS encourages the use of "three-party" agreements between all parties (landlord, renter, and grant recipient) involved. For more information see the [Renter Household Information Memorandum](#).

Water Utility Participation

Question 3: Does a grant recipient need to assure that water utilities provide reconciliation and confirmation of payment on a regular basis?

Answer: For all payments to owners or operators of water utilities on behalf of individual households, the grant recipient must comply with the [LIHWAP Supplemental Terms and Conditions](#) section 11h and establish procedures to ensure that the owner or operator provides reconciliation and confirmation on a regular basis that all benefits have been credited appropriately to households and their services have been restored on a timely basis or disconnection status has been removed, if applicable. This is to ensure that the owner or operator is accurately crediting the correct household with the awarded benefit



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amount. The grant recipient must develop procedures to ensure all water utilities are accurately crediting the correct households with all awarded benefit amounts. This activity can be done in various ways but must be done on a regular basis. Confirmation can be done with a shared reporting system (cloud based, emails spreadsheets, etc.) in which the water utility providers report to the grant recipient or subgrant recipient with account numbers and payment confirmation. This can also be done with vocal confirmation with written documented processes.

Question 4: Does a grant recipient need to track vendor refunds or credits?

Answer: OCS encourages the grant recipient to establish regular tracking of vendor refunds or credits to identify specific trends and ensure LIHWAP funds are expended appropriately. Stronger controls in the form of record keeping around vendor refunds will limit adjustments in drawdowns resulting from inaccurate or delayed vendor refunds and ensure adequate accounting of federal funds.

Internal Processes and Subgrant Recipient Coordination

Question 5: Should grant recipients conduct fiscal monitoring of the LIHWAP subgrant recipients?

Answer: Grant recipients should complete both subgrant recipient programmatic operations monitoring and fiscal monitoring as outlined in their approved LIHWAP Implementation plan. This includes monitoring of payroll costs, as well as cost allocation methodology for indirect costs applied to the program. The subgrant recipient monitoring efforts should include a regular review of administrative costs. Fiscal monitoring should occur in conjunction with programmatic monitoring to ensure that subgrant recipients adequately disburse and account for federal funds within the administrative cost limit set by the grant recipient in its annual LIHWAP plan.

Question 6: Do grant recipients need to properly document non-payroll cost allocation?

LIHWAP grant recipients must ensure proper disbursement of and accounting for federal funds paid to the state. Grant recipients should ensure that cost allocation methodology for non-payroll expenditures is documented and consistently reviewed to ensure a reasonable allocation of expenditures for each program.

For additional guidance please visit [Grant Recipient Resources](#).