



Highlights of [GAO-05-1039T](#), testimony before the Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The Department of Health and Human Services' (HHS) Low-Income Home Energy Assistance Program (LIHEAP) is a block grant program with recent annual funding of about \$2 billion that provides fuel payment assistance and payments for home energy efficiency improvements for low-income households. As energy prices continue to rise, this assistance is growing more important to mitigate the impact of higher prices on low-income households. HHS awards LIHEAP funds by formula to all 50 states and the District of Columbia, federally or state-recognized Indian tribes and tribal organizations, and territories. These grantees then provide energy assistance payments to low-income households. Within LIHEAP, the Residential Energy Assistance Challenge Option (REACH) program funds demonstration projects to help low-income families reduce their energy usage. GAO was asked to provide information on (1) HHS's oversight of LIHEAP payments made by grantees and (2) GAO's 2001 review of LIHEAP's REACH program.

What GAO Recommends

This testimony does not make any recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-05-1039T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jim Wells at (202) 512-3841 or wellsj@gao.gov.

RESIDENTIAL ENERGY

Oversight of Low-Income Home Energy Assistance Program Payments

What GAO Found

HHS relies on individual grantees—the states, tribal organizations, and territories—to oversee the LIHEAP program. Because the Single Audit Act made state and local governments primarily responsible for obtaining independent audits of funds they receive from federal programs, HHS's principal oversight function is to monitor, not audit, LIHEAP payments made by grantees. Monitoring includes assessing the quality of single audits conducted under the act, reviewing audit results, and ensuring that corrective actions are taken to resolve audit findings. GAO's brief review of relevant 2004 Single Audit Act reports showed that the only LIHEAP costs that were specifically questioned involved relatively small sums—for example, one report cited incorrect or duplicate payments totaling \$8,864. Another audit report questioned \$1,285 in LIHEAP payments because of inadequate procedures to prevent overpayments.

GAO's 2001 review of the REACH program found several projects that included social services that were not directly related to meeting home energy needs. For example, six projects included job skill or employment development services, and one project provided funds to help clients pay past-due rent or mortgage payments. In addition, the report stated that REACH did not have performance goals that were objective and quantifiable. As a result, GAO did not believe HHS could effectively evaluate the program's overall performance. The report also noted that such goals would provide a clearer basis for selecting individual projects to fund. GAO recommended that HHS develop performance goals for REACH that were objective, measurable, and quantifiable. While HHS agreed with this recommendation, GAO has been unable to identify any actions taken to implement this recommendation. According to HHS, the agency continues to work on the development of long-term performance measures for LIHEAP.