SUBJECT: UPDATED WEATHERIZATION ASSISTANCE PROGRAM MONITORING GUIDANCE

PURPOSE: To issue updated monitoring policy and procedures for the Weatherization Assistance Program (WAP or Program).

The overall goal of this Guidance is to describe the revisions to current WAP monitoring processes, discuss the WPN 15-4 Quality Work Plan (QWP) Requirement Update and Quality Control Inspector (QCI) dated October 21, 2014, as well as to provide additional guidance and resources for Grantees to strengthen and enhance their weatherization monitoring plans.

SCOPE: The provisions of this Guidance apply to all Grantees applying for financial assistance under the Department of Energy's (DOE) WAP. This Guidance supersedes WPN 12-5. This updated monitoring Guidance is effective the date of this notice.

LEGAL AUTHORITY: Title IV, Energy Conservation and Production Act, as amended, authorizes the DOE to administer the WAP (42 U.S.C. 6861 et. seq.). All grant awards made under this Program shall comply with all applicable law including, but not limited to, the WAP statutory authority (42 U.S.C 6861 et. seq.), and 10 CFR Parts 440 and 2 CFR Part 200.

The WAP regulation, in 10 CFR 440.23(a) - Oversight, Training and Technical Assistance, prescribes that DOE "shall monitor and evaluate the operation of projects carried out by [Community Action Agencies] CAA’s receiving financial assistance under this part through on- site inspections, or through other means, in order to ensure the effective provision of weatherization assistance for the dwelling units of low-income persons.” Section 440.23(b) states that "DOE shall also carry out periodic evaluations of a program and weatherization projects that are not carried out by a CAA and that are receiving financial assistance under this part."

BACKGROUND: WAP has made significant progress over the last few years to establish better training, technical assistance, processes, tools, and resources to assist the network in providing the highest quality of work and services to the low-income families served by the Program. It remains critically important that WAP funds be used cost-effectively and in accordance with Program guidance, rules and regulations. Monitoring is one of the primary ways to ensure the public purpose of the Program is being met at all times.
DOE strives to maintain the highest levels of performance through a monitoring process that has the following goals:

- To ensure proper and timely use of funds and realization of expected benefits.
- To provide transparency and accountability.
- To provide quality control.
- To provide technical assistance and training.

GUIDANCE: DOE considers monitoring a necessary element to properly oversee the Program at all levels of implementation – DOE (Federal), the Grantee (State), and the Subgrantee (Local). This Guidance outlines the expectation for monitoring at all levels.

The Program streamlined its on-site monitoring efforts to allow staff to effectively manage the Program’s outcomes and resource accountability. The following sections describe the monitoring requirements, by entity.

DOE On-Site Monitoring Process

Weatherization Project Officers (POs) focus their on-site monitoring visits to assist Grantees to:

- Continue to meet the Program requirements and to resolve any outstanding findings, concerns, and issues.
- Identify training and technical assistance needs.
- Document best practices for distribution to the network.

Weatherization staff will continue to improve the current monitoring processes and prepare guidance to assist Grantees and Subgrantees in meeting their oversight responsibilities. This includes the development of consistent monitoring standards in approved state plans and full compliance with Federal regulations and Weatherization Program Notices (WPNs).

Per 10 CFR 440.23(b), Weatherization will periodically perform on-site monitoring at the Department’s discretion. In addition, POs also perform quarterly desktop monitoring of program and fiscal reports.

Depending on the specific Grantee and/or Subgrantee situation or need, additional on-site visits may be conducted by POs.

On-site Monitoring Checklists

The on-site checklists were updated to reflect changes within the Program. As established in 2012, the Weatherization Grantee Programmatic and Management Monitoring Checklist include a section for Subgrantee review. DOE will review the financial monitoring requirements. To help Grantees and Subgrantees easily identify what is new within the updated Weatherization on-site monitoring checklists, attached are two comparison spreadsheets - one for the Programmatic and Management checklist and one for the Subgrantee checklist. Each comparison identifies the previous on-site monitoring questions and if that question is still current, was revised, moved sections or was removed within the updated on-site monitoring checklists.
The Weatherization POs will monitor the Grantees against their current, approved State Plan. Grantees can expect POs to review any or all of the components in the Grantee Programmatic and Management and Subgrantee checklists during a monitoring visit.

During an on-site monitoring visit, the Weatherization PO will review the Grantee’s program, administration, and management activities. In addition, the Weatherization PO will select specific Subgrantees to visit and review how the Grantee is monitoring their weatherization operations. A component of the Subgrantee on-site monitoring includes a Quality Management Assurance (QMA) review, which is a technical review of weatherized units. The QMA reviews are detailed in scope and may be conducted by a representative of WAP. At the time of the QMA review, technical assistance may be provided to the Grantee, Subgrantees and/or their contractors.

A written monitoring report will be issued to the Grantee within 30 days of the completion of the visit. The monitoring report will include:

- Completed monitoring checklist(s);
- Specific monitoring assessments by topic area (findings, concerns, recommendations, commendations, and best practices noted);
- Identified training and/or technical assistance needs; and
- A schedule and/or due dates for any follow-up actions required by the Grantee.

In addition to on-site monitoring visits, the Weatherization POs have regular communication with the Grantees and conduct regular desktop monitoring. As part of the desktop monitoring, Weatherization POs will use reference materials (conversations, correspondence, fiscal and programmatic reports, and QA contractor data) to assist in this activity.

The on-site monitoring checklists and reports will undergo periodical reviews and be updated when needed to either incorporate new program requirements or remove out-of-date information.

**Grantee Monitoring of Subgrantees**

In accordance with 10 CFR 440, the Grantee has the responsibility to perform monitoring and oversight of the program implementation and work performed by all its Subgrantees. Grantees must include a description of their monitoring plan (Plan) and other required processes (e.g. monitoring schedule, number of units to be monitored, etc.) within their State Plan in Section V.8.3 of the Master File to ensure their Subgrantees’ quality of work and that adequate financial management controls are sufficient to meet DOE and Grantee requirements.

The Grantee is responsible for executing the activities identified in the State Plan approved by DOE. This responsibility includes ensuring that grant funds are expended in accordance with applicable law, including regulations contained in 10 CFR 440; applicable OMB circulars; DOE Financial Assistance Rule 2 CFR 200; Weatherization Program Notices, and other procedures that DOE may issue.
Effective December 26, 2014, the DOE Financial Assistance regulations contained in 10 CFR 600 were superseded by the Financial Assistance regulations contained in 2 CFR 200 (with DOE specific regulations codified in 2 CFR 910). WAP formula awards originally issued for Program Year 2013 will be extended one additional year to Program Year 2016, and the award Special Terms and Conditions will be updated to require compliance with 2 CFR 200 and 2 CFR 910. DOE requires compliance with 2 CFR 200 for awards issued after December 26, 2014.

The State Plan is required to include the following areas:

A. **Approach.** The Grantee must conduct comprehensive monitoring of each Subgrantee at least once a year, provide a written report to the Subgrantee and maintain a file related to monitoring which is accessible by DOE during its monitoring visits. The comprehensive monitoring must include the following areas and details:

- **Programmatic and Management Monitoring**
  - Subgrantee Review
  - Financial/Administrative
  - Policy Advisory Council (PAC)
  - Eligibility
  - Rental
  - Energy Audits
  - Field Work
  - Health & Safety
  - Equipment/Inventory/Materials
  - Grantee Monitoring
  - Training & Technical Assistance
  - Feedback and Reporting
  - Staff or entity performing the monitoring
  - How monitoring results are handled and required follow-up procedures.

- **Subgrantee Monitoring**
  - Program Overview (Client File Review, Work Orders, etc.)
  - Financial/Administration
  - Inventory
  - Energy Audits
  - Qualifications & Training
  - Weatherization of Units
  - Health & Safety
  - Quality Management Assurance
  - Staff or entity performing the monitoring
  - How monitoring results are handled and required follow-up procedures
• **Financial Monitoring**
  - Financial Management/Accounting Systems and Operations
  - Audits
  - Payroll/Personnel
  - Vehicles and Equipment
  - Procurement
  - Sub-awards/Subgrantee Monitoring
  - Invoicing
  - Records Retention
  - Staff or entity performing the monitoring
  - How monitoring results are handled and required follow-up procedures

Per WPN 15-4, Section 3, Grantees are required to follow a DOE prescribed Quality Control Inspector (QCI) policy to determine the percentage of units to monitor. The DOE QCI policies allow Grantees to do one of the following or develop their own quality control inspection policy that must be approved by DOE.

**Independent QCI**: Must complete reviews of at least 5 percent of each Subgrantee’s completed weatherized units (with DOE funds) using an independent QCI.

**Independent Auditor/QCI**. When the Auditor performs the audit, creates the work order, and performs the final quality control inspection, the Grantee must perform reviews of at least 10 percent of all completed units. The final percentage of inspections will be defined by the Grantee and justification provided to DOE supporting the final number. The Grantee must also develop a quality assurance plan that ensures that the individual who is functioning as both the auditor and the quality control inspector is able to consistently perform both tasks.

Grantees are strongly encouraged to review units “in progress” beyond the required percentage of completed units, in order to assess:

- Quality and compliance;
- Appropriate and allowable materials;
- Appropriateness and accuracy of energy audits (no missed opportunities);
- Comprehensive final inspections;
- Safe work practices, such as lead safe weatherization protocols; and
- Other factors that are relevant to on-site work.

If significant deficiencies are discovered, such as health and safety violations, poor quality installation of materials, major measures missed, then the Grantee must require the Subgrantee to take appropriate corrective action to resolve the outstanding issues in a timely manner. The Grantee must increase both the percentage of units reviewed (per WPN 15-4) and the frequency of monitoring visits to the Subgrantee until it can be assured that all deficiencies are resolved.

In addition, as described in WPN 15-1, Section 2.6, “DOE continues working with Grantees and Subgrantees to ensure that independent, third-party inspections are conducted and results are shared with the relevant parties. Worker training will continue, but contractors repeatedly failing to perform adequately should be disqualified from future work. Grantees must establish a protocol
to disqualify poor performers from their network.” The Grantee State Plan must describe the process for meeting this requirement.

Once deficiencies are corrected and procedures are put in place to prevent reoccurrence, the Grantee may resume its required sampling percentage per WPN 15-4 of the Subgrantee’s work in subsequent monitoring visits.

By the close of the program year, the Grantee is also required to have completed a review of its latest financial audit. Failure to comply with this requirement is sufficient cause to require special conditions to the grant under 2 CFR 200.207.

B. Exemplary Agencies. Previous Guidance suspended the designation of “Exemplary” Subgrantees. Under this Guidance, exemplary status is suspended until further notice. DOE will revisit this topic at some point in the future and determine if there is merit in reinstating exemplary Subgrantee status.

C. Visit. At a minimum, the Grantee must follow the identified monitoring areas under the Approach section and ensure these areas are reviewed within their monitoring process. After the monitoring review is completed, the Grantee must brief the Subgrantee, usually through an exit briefing, on the observations and monitoring assessments (findings, concerns, recommendations, etc.) generated by the monitoring visit. If any Health and Safety issues are found during a visit that present imminent danger to the people in the home, the Grantee must instruct the Subgrantee to immediately resolve the issues. Sensitive or significant noncompliance findings, such as waste, fraud, or abuse must be reported to DOE immediately.

Within 30 days after each visit, the Grantee must prepare a written report for the Subgrantee that describes the current monitoring assessment (identify any findings, concerns, recommendations, commendations, and best practices) and any corrective actions, if applicable. Subgrantee noncompliance or repeated unresolved findings (based on a minimum of 2 monitoring visits at a Subgrantee) must be reported immediately to the PO.

D. Tracking and Analysis. Results of Grantees monitoring of Subgrantees’, including, financial reviews, must be tracked by the Grantee to final resolution. The Program requires the tracking record developed by the Grantee to include, but not be limited to: findings, concerns, recommendations, commendations, best practices, corrective actions, deliverables, technical assistance and training provided, and resolutions.

Annually, the Grantee is required to summarize each of its Subgrantees’ financial reviews, program monitoring reports, and any outstanding issues and develop a Subgrantee monitoring analysis overview that identifies each Subgrantee’s needs, strengths, and weaknesses. The results of this monitoring analysis must be considered during annual planning and must be available in the Grantee Office for the PO to review during Grantee on-site monitoring visits.
E. **Reporting.** A narrative report including successes and significant problems must be reported to DOE in the *T&TA, Monitoring, and Leveraging Report*. Only those official visits that would normally be reported to DOE, not routine day-to-day activities, are required. The monitoring report is due annually, 30 days after the end of the reporting period. At a minimum, the monitoring report must include the following items:

- Subgrantees monitored;
- Any major findings (waste, fraud, and abuse) and resolutions;
- Trends with respect to findings, concerns or other issues;
- Needed T&TA;
  - Programmatic/Administrative;
  - Technical;
  - Financial;
- Any Subgrantees that are considered high risk and plan on how to resolve; and
  - Subgrantees considered high risk for other programs or program management? (e.g. LIHEAP; financial issues, etc.); and
- Outcome activities involving T&TA and monitoring training.

If a Grantee’s State Plan does not include the items above, their Plan must be updated accordingly. Failure to submit the required reports within the allocated timeframe may result in a hold being placed on the Grantee’s grant funds.

**Direct Service Grantees**

In accordance with 10 CFR 440, the Grantee has a responsibility to perform monitoring and oversight of the program implementation and work performed by all its Subgrantees. In certain select Native American tribes and U.S. Territories, the Grantee also serves as the Subgrantee by providing WAP services directly to low-income families. This situation does not absolve the Grantee from performing required monitoring and oversight of its own operation.

Just like any WAP Grantee, the approved State Plan must include a description of their monitoring plan to be used including the identification of staff or contractors who will perform specific oversight duties and responsibilities. The Plan must include the monitoring method and the percentage of training and technical assistance (T&TA) funds to be spent on this effort. The Plan must be filed within their State Plan in Section III.6.3 of the Master File. Monitoring activities specific to the current Program Year are described in Section V.8.3 of the Annual File.

The Grantee is responsible for executing the activities identified in the State Plan approved by DOE. This responsibility includes ensuring that grant funds are expended in accordance with applicable law, including regulations contained in 10 CFR 440; applicable OMB circulars; DOE Financial Assistance Rule 2 CFR 200; WPNs, and other procedures that DOE may issue. The State Plan is required to include the following areas:

A. **Approach.** The Grantee must conduct comprehensive monitoring its operation and a written report must be filed and available for review by the PO during the on-site visit. The comprehensive monitoring must be performed by Grantee staff or contractors not associated with the daily WAP operation and must include the following areas and details:
• **Programmatic and Management Monitoring**
  - Financial/Administrative
  - Audits
  - Payroll/Personnel
  - Procurement
  - Vehicles, Equipment, Inventory, Materials
  - Eligibility
  - Program Overview (Client File Review, Work Orders, etc.)
  - Rental
  - Feedback and Reporting
  - Energy Audits
  - Field Work
  - Health & Safety
  - Final Inspections
  - Training & Technical Assistance
  - Invoicing
  - Records Retention
  - Staff or entity performing the monitoring
  - How monitoring results are handled and required follow-up procedures

B. **Production.** Since Subgrantees must inspect 100 percent of all production and confirm the quality and completeness of work before reporting the completed unit to the Grantee for reimbursement, per WPN 15-4, Section 3, the Grantee is required to either follow a DOE prescribed Quality Control Inspector (QCI) policy or develop their own quality control inspection policy that must be approved by DOE. **This review must be performed by a Grantee staff or contractor not associated with the daily operation of the Program.**

The Grantee is also strongly encouraged to review units “in progress” beyond the minimum percentage of completed units, in order to assess:

- Quality and compliance;
- Appropriate and allowable materials;
- Appropriateness and accuracy of energy audits (no missed opportunities);
- Comprehensive final inspections;
- Safe work practices, such as lead safe weatherization protocols; and
- Other factors that are relevant to on-site work.

If significant deficiencies are discovered, such as health and safety violations, poor quality installation of materials, major measures missed, then the Direct Service Grantee must take appropriate corrective action to resolve the outstanding issues in a timely manner. The Grantee State Plan must describe the process for meeting this requirement.

By the close of the program year, the Grantee is also required to have completed a review of its latest financial audit. Failure to comply with this requirement is sufficient cause to require special conditions to the grant under 2 CFR 200.207.
C. **Visit.** At a minimum, the Grantee staff or contractor must follow the identified monitoring areas under the Approach section and ensure these areas are reviewed within their monitoring process. If any Health and Safety issues are found during a visit that present imminent danger to the people in the home, the Grantee must instruct the Subgrantee to immediately resolve the issues. **Sensitive or significant noncompliance findings, such as waste, fraud, or abuse must be reported to DOE immediately.**

D. **Tracking and Analysis.** All the results of Grantee monitoring including, financial reviews must be tracked by the Grantee to final resolution. The Program recommends that the tracking record developed by the Grantee include, but not be limited to: findings, concerns, recommendations, commendations, best practices, corrective actions, deliverables, technical assistance and training provided, and resolutions.

If a Direct Service Grantee’s State Plan does not include the items above, their Plan must be updated accordingly. Failure to submit the required reports within the allocated timeframe will result in a hold being placed on grant funds.

**CONCLUSION:** DOE and the Weatherization staff continually scrutinize the performance of the Program and funding decisions at the Congressional and DOE levels are often based on Grantee and Subgrantee performance measured through monitoring and oversight protocols. All monitoring responsibilities at the Federal, Grantee and Subgrantee levels must be fulfilled in order to properly document the compliance by all parties involved in delivering the WAP. DOE appreciates the many contributions that continue to make Weatherization Work!

Anna Maria Garcia  
Director  
Weatherization and Intergovernmental Programs Office Energy Efficiency and Renewable Energy

Attachments

- Attachment 1: Programmatic & Management Checklist (Grantee Review)  
- Attachment 2: Programmatic & Management Checklist (Grantee Review) Changes (spreadsheet)  
- Attachment 3: Subgrantee Checklist  
- Attachment 4: Subgrantee Checklist Changes (spreadsheet)