WEATHERIZATION PROGRAM NOTICE 11-03
EFFECTIVE DATE: December 15, 2010

SUBJECT: POLICY REGARDING THE USE OF DOE PROGRAM FUNDS TO PAY FOR CALL-BACK/ADD-ON WORK AFTER REPORTED TO DOE AS A COMPLETED UNIT

PURPOSE: To clarify if and when Grantees and subgrantees may charge the Department of Energy (DOE) Low-Income Weatherization Assistance Program (WAP) for call-backs once a dwelling unit has been final inspected and reported to DOE as a completed dwelling unit.

SCOPE: The provisions of this guidance apply to Grantees or other entities named in the Notification of Grant Award as the recipient of financial assistance under the Department of Energy Weatherization Assistance Program. This guidance applies to all sources of funds in use – American Recovery and Reinvestment Act of 2009 (Recovery Act) and regular appropriated DOE Weatherization funds in 2009, 2010 and beyond.


BACKGROUND: Recent monitoring and auditing of the Program has uncovered numerous instances where DOE WAP funds are being used to perform additional weatherization work after the dwelling unit has been final inspected and reported to DOE as a completed unit. Whether you refer to this additional weatherization work as “call-backs,” “re-works”, “add-ons”, “missed opportunities”, or some other term of art, this type of work should not occur using DOE funds. Under a recent interpretation of WAP regulations by the DOE Office of General Counsel, paying for additional work on homes that have already been reported to DOE is not a permissible use of DOE WAP funds.
GUIDANCE: As a general rule, Grantees and subgrantees may not charge the WAP for additional work on homes that have already been reported to DOE as completed, weatherized units. Once a home is reported to DOE as complete, the required final inspection indicates that all applicable work performed was done so in a workmanlike manner, including all work that may have been contracted out such as furnace work, etc. Performing activities such as routine maintenance, repairs, or warranty-type work is not permitted using DOE funds for work beyond those costs already invoiced. Grantees and subgrantees may use other funds that are not included as a part of their DOE WAP budget plans to pay for the costs associated with these activities.

The only method to address “call-backs” where DOE funds must be used to pay for the additional work is to have these previously completed units taken out of the DOE reporting system and subtract the associated costs from the DOE funds category.

The Project Officer must be notified in writing of the number of units, total costs, and reporting period (monthly and/or quarterly) for any units that are to be backed out of the PAGE system. The Project Officer will then reject the report so that the revised reporting adjustments can be made. Further, Grantees must coordinate with their financial office to ensure the appropriate accounting methods follow Federal cash management procedures.

After making any necessary repairs, the subgrantee must re-inspect the unit and report the completion to the grantee who will then report the unit to DOE, including all final costs for the unit in the month the completed work takes place. In considering this option, it should be noted that this process is time-consuming and should be utilized only on a limited case-by-case basis. Any proposed exception to this guidance must be provided by the subgrantee to the Grantee and submitted to DOE for approval.

Subgrantees that primarily use contractors are likely not to have this issue. The contracts for HVAC or other work using DOE funds must ensure that adequate guarantees of workmanship, implied or otherwise, are part of the bid process. These costs are generally built into to the contract including the equipment, workmanship, and the length of time covered by any implied warranty required in the bid specifications.

This program notice affects all units weatherized after January 10, 2011 with any-year’s appropriated funds as well as Recovery Act funds. This date should ensure that Grantees will have time to amend any procedures or plans currently in place with their subgrantees to implement this change.

Note: Under no circumstances can any of the activities described above be covered under the reweatherization provisions of 10 CFR 440.18(e)(2)(iii) of the program regulations.
CONCLUSION: DOE intends to revisit this issue during the updating of the program regulations scheduled to begin early next year. At that time, DOE will request comments on how best to address any proposed changes to the regulations, including this matter. If there are additional questions or concerns about this guidance document, Grantees should contact their PMC Project Officer. DOE appreciates your cooperation and patience as we work together to achieve the Administration’s goal of creating jobs and increasing the number of people who benefit from DOE-funded weatherization projects.

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