WEATHERIZATION PROGRAM NOTICE 12-5
EFFECTIVE DATE: December 1, 2011

SUBJECT: UPDATED WEATHERIZATION ASSISTANCE PROGRAM MONITORING GUIDANCE

PURPOSE: To issue the updated monitoring policy and procedures for the Weatherization Assistance Program (WAP or Program), for both annual Appropriated awards and for the Recovery Act awards, which includes the Sustainable Energy Resources for Consumers (SERC) Awards. This updated Guidance excludes the Weatherization Innovative Pilot Program (WIPP) and Weatherization Training Centers (WTC).

In addition, the overall goal of this Guidance is to describe the upcoming revisions to current WAP monitoring processes 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 01-6 and Section 4.0 of WPN 11-1, and provides updated requirements related to all phases of program monitoring. This updated monitoring Guidance is effective as appropriate during the 2011 Program Year for both annual Appropriated awards and for the Recovery Act awards, which includes the Sustainable Energy Resources for Consumers (SERC) Awards.

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 6861-6873), the American Recovery and Reinvestment Act of 2009 (Recovery Act) (Pub. L. No. 111-5) and 10 CFR Parts 440 and 600.

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." (emphasis added)

BACKGROUND: The 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 the primary way to ensure that the public purpose of the Program is being met at all times.

The Recovery Act established allocations and expenditure timeframes and directed Federal agencies to provide the highest levels of transparency and accountability. Consistent with the Recovery Act and continuing WAP practice, DOE has established a monitoring process that identifies three main goals:

- To ensure proper and timely use of funds and realization of expected benefits.
- To provide transparency and accountability.
- To provide quality assurance and controls

To communicate these new goals and how DOE will provide more monitoring controls; DOE published Weatherization Program Notice 11-01, Section 4.0 on December 28, 2010. This Program Notice described the increased on-site monitoring visits and efforts to review project accomplishments, management control systems, compliance with regulations, and to provide technical assistance. Currently, the frequency for annual on-site monitoring visits is based on the Recovery Act grant allocations and range from semi-annual to quarterly on site visits by DOE Project Officers (POs) depending on the grant amount received. In addition, POs also perform biweekly, monthly, and quarterly desktop reviews 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 beyond the minimum prescribed number in the Monitoring Plan.

Quality Assurance: In addition to the increased on-site monitoring, WAP also instituted a Quality Assurance (QA) Program. The QA Program’s goal is to assess the quality of weatherization services provided under the Recovery Act. QA refers to the certainty that products and services meet the requirements for quality and that proper documentation exists. These QA visits are separate from the WAP on-site monitoring visits and are not included or counted within the minimum on-site monitoring visit frequency.

QA visits were initiated in September 2011 by a subcontractor working on behalf of Oak Ridge National Laboratory (ORNL) and will be made to every WAP Subgrantee that is weatherizing or has weatherized units under the Recovery Act. The final QA reports will be provided to the POs for use as reference materials in their ongoing monitoring efforts.
GUIDANCE: DOE considers monitoring a necessary element to properly oversee the Program at all levels of implementation – DOE, the Grantee, and the Subgrantee. This Guidance outlines the expectation for monitoring at all levels.

As part of the Recovery Act ramp down activities, WAP will streamline its on-site monitoring efforts with both Recovery Act and DOE Appropriated Program awards. WAP’s revised plan will allow staff to effectively manage the Program’s outcomes and resource accountability. The monitoring requirements, by entity, of the Program are as follows:

DOE On-Site Monitoring Process

As the Program prepares to ramp down from unprecedented Recovery Act funding to more typical Appropriated funding levels, POs will focus their on-site monitoring visits over the next year to resolve outstanding findings, concerns, and issues remaining from the Recovery Act Program expansion. These visits will also allow POs to continue their identification of training and technical assistance needs and to document best practices for distribution to the network. The WAP 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 Program Guidance documents (WPNs).

The WAP is adjusting its on-site monitoring frequency to a minimum of once per year for the remainder of the 2011 Program Year and beyond. Depending on certain specific Grantee and/or Subgrantee situations, additional on-site visits may be conducted by POs.

On-site Monitoring Checklists

To improve the documentation of PO monitoring efforts of Grantees and Subgrantees, the on-site checklists have been redesigned. The new Grantee Programmatic and Management Monitoring Checklists include a section for Subgrantee review and another for SERC grants. There is also an Awards Administration monitoring checklist that documents the review of the financial requirements of the grant.

Grantees will be monitored against their current, approved State Plan. Grantees can expect POs to review any or all of the components in the monitoring checklist during a monitoring visit. A written monitoring report that contains the completed monitoring checklist(s) will be issued to the Grantee within 30 days of the completion of the visit. The monitoring report will include:

- Specific monitoring assessments (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.

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

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

The on-site monitoring checklists and reports will be periodically reviewed and 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 a 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) used within their State Plan in Section III.6.3 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 Plan must also include the monitoring method and the percentage of Training and Technical Assistance (T&TA) funds to be spent on monitoring. Monitoring activities specific to the current Program Year are described in Section II.6 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 10 CFR 600; Weatherization Program Notices, 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 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
  - Equipment/Inventory/Materials
  - Eligibility
  - Rental
  - Feedback and Reporting
  - Energy Audits
  - Field Work
  - Health & Safety
  - Quality Assurance
- Training & Technical Assistance
- SERC Monitoring (if applicable)
- 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
  - Final Inspections
  - SERC Overview (if applicable)
  - 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
  - Davis Bacon (Recovery Act only)
  - Sub-awards/Subgrantee Monitoring
  - Invoicing
  - Records Retention
  - Staff or entity performing the monitoring
  - How monitoring results are handled and required follow-up procedures

Grantees are required to complete reviews of at least 5 percent of each Subgrantee’s completed weatherized units (with DOE funds). Grantees are strongly encouraged to review units “in progress” beyond the 5 percent 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 is also expected to increase both the number of units reviewed and the frequency of monitoring visits to the Subgrantee until it can be assured that all deficiencies are resolved.
Once the deficiencies are corrected and procedures are put in place to prevent reoccurrence, the Grantee may resume its 5 percent sampling of the Subgrantee’s work in subsequent monitoring visits. 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 10 CFR 600.212.

B. **Exemplary Agencies.** Previous Guidance suspended the designation of “Exemplary” Subgrantees through March 2012. 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 on the observations and findings generated by the monitoring visit, usually through an exit briefing. If Health and Safety issues that present imminent danger to people in the house are found during a visit, 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.** All the results of Grantees monitoring of Subgrantees’, including, financial reviews, must be tracked by the Grantee to final resolution. The WAP 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.

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&T/A, 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.)
- Outcome activities involving T&TA and monitoring training

If a Grantee’s State Plan does not include the items above, their 2012 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.

**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 II.6 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 10 CFR 600; 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
  - Davis Bacon (Recovery Act only)
  - 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
  - SERC Monitoring (if applicable)
  - 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, Grantees are required to complete reviews of at least 5 percent of each Subgrantee’s completed weatherized units (with DOE funds). In the Direct Service Grantee, a separate review of at least 5 percent of the production must still occur. This review must be performed by a Grantee staff or contractor not associated with the daily operation of the WAP. The Grantee is also strongly encouraged to review units “in progress” beyond the 5 percent 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 10 CFR 600.212.

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 Health and Safety issues that present imminent danger to people in
the house are found during a visit, the Grantee must 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 Grantees monitoring including, financial 
reviews, must be tracked by the Grantee to final resolution. The WAP 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 2012 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:** The performance of the Program is continually scrutinized by the DOE and 
WAP staff 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!

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Attachments

- Attachment 1: Programmatic & Management Checklist (Grantee Review)  
- Attachment 2: Subgrantee Checklist