programs (especially LIHEAP and CIP) provides the best opportunities for coordination of programs affecting low-income households.

In addition to USDOE funds, Commerce manages LIHEAP and Propane funds for weatherization. USDOE funds are governed by the WAP State Plan. LIHEAP funds are governed by the LIHEAP State Plan and Propane funds are governed by relevant Minnesota statute.

WAP staffing within Commerce consists of a program supervisor, a leveraging specialist, two administrative monitors, three field monitors, and a training and technical assistance principal. The Weatherization team is overseen by the SEO Director within Commerce. Details about these and other positions supporting WAP can be found in the budget.

Commerce anticipates the addition of several positions during this program year including field monitors, an administrative monitor, a training specialist, and an analyst/program management specialist.

Commerce annually contracts for program delivery activities with twenty-three local Service Providers. These Service Providers include Community Action Agencies, tribal nations, a private non-profit agency, and a community development authority.

V.8.2 Administrative Expenditure Limits

With the reauthorization of WAP and the increase of administrative funds to 15% of the grant, Commerce will also adjust the amount of administrative funds to Service Providers. In PY21 Commerce will retain 5.25% of USDOE Program Year funds for statewide program administration. The remaining 9.75% will be allocated to subgrantees by the allocation formula.

Subgrantees who receive less than $350,000 in USDOE funds receive up to an additional 5% for administrative purposes. The additional funds will come from subgrantees’ program allocation and will be inversely pro-rated according to the amount of USDOE funds received. The higher a subgrantee allocation, the less the subgrantee will receive in additional administrative dollars. The pro-rated formula percent decreases at a rate of 0.5% per $25,000 until the allocation reaches $350,000.

V.8.3 Monitoring Activities

The overall goals of monitoring are to ensure compliance with federal and state rules and policies and establish the efficiency, quality, and effectiveness of Service Provider operations. An additional goal is to identify and correct issues that have the potential to cause major program deficiencies.

Staff with responsibility for monitoring include: the Energy Equity Programs Supervisor, the training and technical assistance principal, and field (4) and administrative (2) monitors. All field monitors and the training and technical assistance principal are QCI Certified. Because work with Service Providers has a broader focus than just compliance, TTA dollars support activities in this area. 35% of all admin/TTA funds are allocated for monitoring activities.

Monitoring strategies include the following:

Weatherization In-box: Service Providers are encouraged to submit weatherization program or policy questions to Commerce staff via a group email box. Responding to these questions from Service Providers serves two monitoring purposes: reduction in the number of monitoring compliance issues and documentation of technical assistance responses for consistency.

Desk monitoring: Desk monitoring includes ongoing review of monthly programmatic and fiscal data submitted by Service Providers. Examples of reviewed data include number of units completed, number of units in progress, estimated and final cost data by measure and by job, mechanical test results, and blower door readings. Fiscal data is also reviewed and includes Service Provider monthly expenses and cash requests as well as allocations.

Fiscal review also includes audit review and financial reconciliation. Each Service Provider is required to submit their annual single audit no more than nine months after the conclusion of the agency’s fiscal year. Commerce's Senior Accounting Officer reviews the audits for any internal control issues, crosscutting findings, or management issues. If there are any findings for Federal Programs the Senior Accounting Officer sends the Service Provider a management decision letter that outlines the findings from the audit report and requests follow up. If Commerce is the cognizant agency, this management decision letter is also submitted to the other Federal funding agencies.

Administrative Monitoring: Administrative Monitoring takes place to document local Service Providers’ program management, internal controls, and administrative capacity to deliver WAP services.

Field Monitoring: All Commerce field inspections are conducted by a certified Quality Control Inspector who ensures compliance with the Standard Work Specifications.

In PY21, Commerce will begin using the WAPLink software to manage monitoring by incorporating monitoring findings, their status, resolution, and recommended or required training. The goal is to gain understanding how each Service Provider is balancing the energy conservation demands of the weatherization program against the fiscal requirements to best serve low-income clients and then use that information to promote continuous improvement through training and technical assistance.

While it is not yet clear all the ways that increased WAPLink functionality will affect monitoring, Commerce anticipates there will be significant impact as we shift from using the previous desk top native version of Weatherization Assistant. For example, in the desk top native version, Monitors were reviewing information behind actual numbers. The new functionality will make desk monitoring more accessible and shift monitoring from being an event (site visit) to being an ongoing conversation. The standard of linking training to monitoring more formally will also accelerate the loop between feedback, training, and- ideally- correction.

PY21 Monitoring Visit Details and Tentative Schedule

A Risk Assessment is conducted prior to the start of the program year to determine priority in monitoring. The Risk Assessment weighs issues like size of allocation, staff expertise and experience, and past monitoring results. For both field and administrative monitoring, additional visits are scheduled, as needed, to address specific Service Provider issues as they arise.

Administrative and Field Monitoring visits are scheduled from August through May to best fit the demands of the program year. Due to COVID-19 safety protocols, administrative and some components of field monitoring have been conducted virtually in PY20. Commerce does not anticipate that changing in the short-term.

Administrative Monitoring

Each Service Provider receives a minimum of one administrative monitoring visit annually. The components of Administrative Monitoring include:

Pre-Visit Review

Administrative Monitoring Tool: Service Providers complete an Administrative Monitoring Tool prior to the visit. This Tool gives the monitor information about the approach used by the Provider (contractor vs crew, set price list vs. bidding, etc.) as well as other information on relevant compliance issues.

Review

Administrative Monitors review the pre-visit information with Weatherization staff of each Service Provider as well as discuss production, spending, workflow, staffing, and other relevant processes.

These reviews include follow-up on issues raised in desk monitoring and prior monitoring reports, as well as any other issues as needed, including but not limited to:

- Equipment/Inventory/Materials
- Client/Household eligibility
- Distribution of services between renters and owners
- Geographic distribution within the Service Provider service territory
- Reporting compliance
- Internal controls related to financial management and operations
- Fiscal Audits
- Payroll/Personnel
- Vehicles and equipment
- Invoicing
- Staff qualifications and training
- Procurement procedures
- Outreach efforts to incorporate minority and disadvantaged contractors

Household file reviews: Administrative monitors randomly sample files prior to visits to demonstrate compliance with DOE, Commerce, and local Service Provider policies such as Client/Household eligibility, distribution of service, and adherence to procurement procedures.

Contractor/Crew file review: Administrative monitors randomly sample contractor files to ascertain adherence to contract requirements as outlined in the

Minnesota Weatherization Assistance Program Policy Manual (and DOE guidelines).

Monitors conclude the visit with a brief “exit interview” intended to provide Service Provider staff with a high-level review of any issues found during monitoring.

Post-Visit Report

Administrative Monitoring Report: Monitors review all site documentation, discuss outstanding issues with the monitoring team, and generate a monitoring report. This report highlights any compliance issues, recommendations, or best practices. The Service Provider receives the report within 30 days of the Site visit and is asked to respond within an additional 30 days.

Field Monitoring

Each Service Provider receives at least one on-site field visit per year, with a minimum of 5% of all weatherized households monitored statewide. All Commerce field inspections are conducted by certified Quality Control Inspectors.

Pre-Visit Review

Commerce staff reviews household files for required data, forms, signatures, bids, invoices, and other documentation. Field Monitors also review audits for the households monitored including data inputs and audit library spot checks to determine if they are current.

Review

Field Monitors review the pre-visit information with Weatherization staff at each Service Provider. These reviews include follow-up on issues raised in desk monitoring and prior monitoring reports, as well as any other issues as needed, including but not limited to:

- Administrative field work (Client file review, Work orders, Audit reporting)
- Energy audits
- Fuel costs library accuracy
- Training & Technical Assistance activities and needs
- Weatherization of units
- Health and safety
- Final inspections and verification that all inspections are performed by a QCI
- How monitoring results are handled and required follow-up procedures
- Lead-safe work practices Quality Assurance
- Compliance with Standard Work Specifications (SWS)

In deference to COVID-19 safety precautions, much of this review is now taking place independent of the site visit, generally via the telephone.

Inspections of dwellings: Inspections of completed dwellings are conducted to determine compliance with federal and state requirements, client satisfaction and work quality. Field Monitors also spot check ASHRAE measurements and calculations. Commerce also may choose to visit "in progress" jobs. All Commerce household inspections are completed by a certified Quality Control Inspector.

At the conclusion of the visit, Service Providers are briefed on observations and findings in an exit interview (either in person or virtually). Health and Safety issues are noted at that time, particularly if they present an imminent danger to occupants.

Post-Visit Report

Field Monitoring Reports: Written reports are provided to Service Providers within thirty days of the Service Provider visit.

As noted earlier the development and the implementation of WAPLink functionality may truncate some of the monitoring processes. Commerce will document these changes as they occur. However, the approach for monitoring will remain the same even as steps are streamlined.

Issue Resolution

Once monitors produce the monitoring report, the Service Provider is asked to respond within 30 days. Responses may include correcting individual errors, describing new systems to avoid future errors, or return of funds for disallowed costs. All information about compliance issues and resolution is tracked in the WAPLink software.

This tool tracks the date and number of all visits by the monitors as well as information about any findings, concerns, or other issues. Additionally, Service

Providers use WAPLink to track resolution of their issues. Monitors communicate resolution via WAPLink or ask for additional steps if needed.

Commerce also anticipates closer ties between the monitoring issues tracked in WAPLink and recommended and required trainings. That is, based on monitoring, Service Providers may be assigned required or recommended training or technical assistance sessions and will not be able to resolve the issue until they are complete as tracked in WAPLink.

Corrective Action/Removal

In the event that a Service Provider remains out of compliance, Commerce will follow the Corrective Action Process outlined in the Minnesota Weatherization Program Policy Manual and below.

In response to Service Provider non-compliance, Commerce may impose additional requirements on a Service Provider in a written Corrective Action Plan. Corrective Action Plans may be issued in response to single issues of non-compliance or larger internal control, administrative or programmatic issues. Written Corrective Action Plans include:

- Nature of the requirements and why they are being imposed;
- Corrective actions that are needed; and
- Deadline(s) for meeting terms of the Corrective Action Plan.

With or without a Corrective Action Plan in place, Commerce may take one or more of the following actions in response to non-compliant activity, as appropriate:

- Conduct additional monitoring visits;
- Impose additional training or technical assistance requirements on the Service Provider;
- Require additional, more detailed financial reports;
- Make payments to the Service Provider on a reimbursement basis only;
- Withhold cash payments to the Service Provider, on a temporary basis, pending correction of deficiencies or until stated performance benchmarks are reached;
- Disallow costs for non-compliant activities and/or expenses;
- Suspend or terminate the current contract, either wholly or partially;
- Withhold further contracts with the Service Provider, or;
- Institute other actions as needed.

If a Corrective Action Plan is necessary, Commerce will work with the Service Provider to resolve issues. Additionally, individual Service Providers must remediate monitoring findings prior to entering into a new program year contract with Commerce.

In the case that a Service Provider continues to be out of compliance and with or without a Corrective Action plan in place, Commerce may impose additional sanctions. These may include additional monitoring visits, financial reporting, training, or technical assistance requirements, or making payments on a reimbursement basis only.

If non-compliance issues are still not resolved, Commerce may terminate a Service Provider’s WAP contract upon 30 days written notice. Commerce may elect to immediately terminate the contract if it is found that the Service Provider has failed to comply with the contract, reasonable progress has not been made, or the purposes for which the funds were granted have not been or will not be fulfilled.

Additional Monitoring Items for PY21

In PY21, Commerce will continue to evaluate the place for virtual field monitoring in our program. Due to continued concerns about COVID-19 concerns and the potential rapid increase of funding, Commerce will consider this tool as a way to add efficiency and maximize the field monitor pool currently in place. Commerce will consult with DOE as appropriate and required in implementing virtual monitoring.

Commerce will continue the practice of conducting check-in calls with all Service Providers at least twice annually. These calls are scheduled to coincide with the mid-point of the year and the 4th quarter. The goal is to identify any problems that may make completion of units and spending difficult for an individual Service Providers (mid-year) or access the need to reallocate funds (4th quarter).

The full implementation of WAPLink and the development of reporting functionality in this program year will make it possible to review not only individual household data, but also aggregate data by Service Provider and across the state. Over time, it also enables longitudinal analysis of various programmatic and fiscal data. The results of such analysis will be used to discern not only trends and common themes, but also to guide program policy, overall program direction, and T&TA needs.