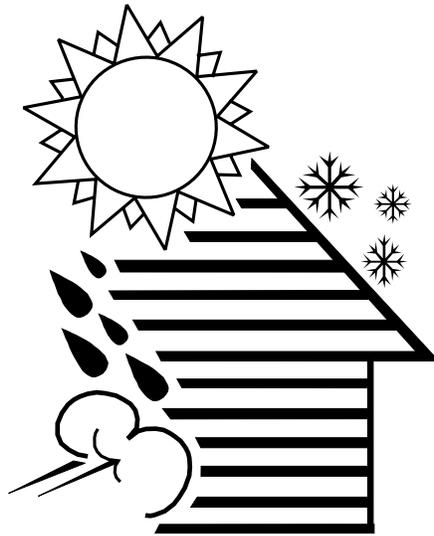


Minnesota Weatherization Assistance Program



*Weatherization
Works*

POLICY MANUAL

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produced with
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Weatherization Assistance Program Funds



WAP Policy Manual • Table of Contents

Section 1: Program Management

1.1 Notification of Staff Changes	5
1.2 Reporting Requirements	5
1.3 Service Provider Production	5
1.3.1 Unit Average Definition	5
1.3.2 Production Planning	6
1.3.3 Unit Completions	6
1.3.4 Timely Service	7
1.4 Record Retention	7
1.5 Data Privacy	7
1.6 Client Appeals and Complaints	8
1.7 Code of Conduct	8
1.8 Repayment	8
1.9 Service Provider Liability Insurance	9
1.10 Assignment Agreements	9
1.11 Internal Controls	9

Section 2: Eligibility and Service Requirements

2.1 Household Eligibility	11
2.2 Income Documentation for Eligible HUD or USDA Properties	11
2.3 Priority for Providing Weatherization Services	11

Section 3: Dwelling Eligibility

3.1 Proof of Ownership-Owner Occupied Dwellings	13
3.2 Single-Family Owner-Occupied Dwellings	13
3.3 Rental Dwelling Requirements	13
3.3.1 Single-Family Rental Requirements	13
3.3.2 Multifamily Rental Requirements	13
3.3.2.1 Multifamily Income Eligibility	14
3.3.2.2 Income Eligibility for Eligible HUD/USDA Property	14
3.3.2.3 Maximum WAP Expenditures for 5+ Units	14
3.3.3 EAPWX Transfer Funds	14
3.3.4 Accrual of Benefits	14
3.3.5 Landlord Agreement	15
3.3.6 Landlord Contribution	15
3.4 Mixed-Use Buildings	16
3.5 Group Homes	16
3.6 Previously Weatherization Dwellings	16
3.7 State Historic Preservation Office Review	17
3.8 Deferrals	17

Section 4: Audit Event

4.1 Definition	19
4.2 Types of Measures	19
4.2.1 Energy Conservation Measure	19
4.2.2 Incidental Repair Measure	20

4.2.3 Health & Safety Measure	20
4.3 Household File Contents	21
4.3.1 Eligibility Forms	21
4.3.2 Forms	21
4.3.3 Energy Audit Information	22
4.3.4 WA Data	22
4.3.5 Quality Control Inspection	23
4.4 Energy Audit	23
4.4.1 Site Visit	23
4.4.1.1 Data Collection	24
4.4.1.2 Diagnostic Tests	24
4.4.1.3 Client Education	24
4.4.1.4 Weatherization Assistant (WA) Data Entry	24
4.4.2 Measure Consideration	24
4.4.2.1 Heating Plant Replacement	25
4.4.2.2 Clean and Tune	25
4.4.2.3 Electronically Commutated (EC) Motor	26
4.4.2.4 ASHRAE 62.2-2013	26
4.4.2.5 Duct Sealing	26
4.4.2.6 Lead Safe Work Practices	26
4.4.2.7 Air Sealing	26
4.4.2.8 Fuel Switching	26
4.4.3 Work Orders	27
4.4.3.1 Changes to Energy Model	27
4.4.3.2 Change Orders	27
4.4.4 Manufactured Housing Requirements	27
4.4.4.1 Codes	27
4.4.4.2 Alterations	28
4.5 Work Orders Issued to Contractors/Crews	28
4.5.1 Work Standards and Materials	28
4.5.2 Warranty	28
4.5.3 Required Tests	28
4.5.3.1 Mechanical Contractors	28
4.5.3.2 Building Shell Contractors/Crews	29
4.6 Quality Control Inspection	29
4.6.1 File Review	29
4.6.2 Site Visit	29
4.6.2.1 Verification of Audit Data	29
4.6.2.2 Sensory Inspection	29
4.6.2.3 Diagnostic Testing	30
4.6.2.4 Client Education	30
4.6.3 Call for Re-Work (if needed)	30
4.6.4 Client Refusal of Final Inspection	30
4.6.5 File Close Out	30
4.6.5.1 Provide Feedback to all Relevant Parties	30
4.6.5.2 WA Date Entry	30
4.6.5.3 Fiscal Verification	31
4.7 Callback Event	31
4.7.1 DOE Callback	31
4.7.2 EAPWX Callback	31

WAP Policy Manual • Table of Contents

Section 5: Standalone Event

5.1 Definition	33
5.2 Standalone Events – Health & Safety/Measure Type	34
5.3 Household File Contents	34
5.3.1 Eligibility	34
5.3.2 Forms	34
5.3.3 Quality Control Inspection.....	34
5.3.4 Photos.....	35
5.4 Standalone Event – Site Visit.....	35
5.4.1 Lead Safe Work Practices	35
5.4.2 Fuel Switching	36
5.5 Standalone Event – Work Order	36
5.6 Standalone Event – Contractor Requirements	36
5.6.1 Warranty	36
5.7 Quality Control Inspection	37
5.7.1 File Review	37
5.7.2 Sensory Inspection	37
5.7.3 Diagnostic Testing	37
5.7.4 Client Education	37
5.7.5 Call for Re-Work (if needed).....	37
5.7.6 File Close Out	37

Section 6: Fiscal Policy

6.1 Spending Authority	39
6.2 Weatherization Assistance Program Funds	39
6.2.1 eHeat Funding Terms	39
6.3 Work Plan and Budgets	40
6.4 Financial and Program Report Submissions	40
6.5 Cash Requests.....	40
6.6 Financial Closeout	41
6.7 Financial Audits	41
6.8 Budget Revisions.....	41
6.8.1 Fund Categories	42
6.8.2 Sub-Fund Categories	42
6.9 Allowable Expenditures	42
6.9.1 Fund Categories	42
6.9.2 Expenditure Categories	43
6.9.2.0 Allowable Personal Expenses	43
6.9.2.1 Allowable Training and Technical Assistance (TTA) Expense	43
6.9.2.2 Allowable Direct Service Expense.....	44
6.9.2.3 Fiscal Audit	44
6.9.2.4 Allowable Occupancy Expenses	44
6.9.2.5 Allowable Equipment Expenses	44
6.9.2.6 Allowable Supply Expense	45
6.9.2.7 Vehicle Operations, Maintenance and Insurance Costs	45

6.9.2.8 Insurance and Bonds (Non-Personnel).....	45
6.9.2.9 Additional Allowed Costs	46
6.10 Program Income	46

Section 7: Procurement

7.1 Competition	47
7.2 Cost and Price Analysis.....	47
7.3 Solicitation	47
7.4 Affirmative Action	48
7.5 Contractor Eligibility	48
7.6 Minimum Contract Requirements.....	49
7.6.1 Retention Agreements	49
7.7 Contractor Performance	49
7.8 Set Price Lists	50
7.9 Procurement for Emergency Services.....	50
7.10 Property Standards	50
7.11 Vehicle and Equipment Purchases (\$5,000 or Higher).....	51
7.12 Disposal of Property Acquired with WAP Funds	51
7.12.1 Property purchased for and currently valued under \$5,000	51
7.12.2 Property purchased for \$5,000 or more and currently valued under \$5,000	51
7.12.3 Property valued at \$5,000 or higher	51

Section 8: Service Provider Monitoring & Compliance

8.1 Service Provider Monitoring.....	53
8.1.1 Service Provider Monitoring Requirements	54
8.2 High Risk Subgrantee Designation.....	54
8.3 Corrective Action Plan.....	54
8.4 Non-Compliance Sanctions.....	55
8.5 Contract Termination.....	55

Section 1: Program Management:

1.1 Notification of Staff Changes

POLICY: Service Providers must inform Commerce in a timely manner of changes in leadership or key staff as well as program or operational changes. Email notifications to the Commerce WAP mailbox.

1.2 Reporting Requirements

POLICY: Service Providers must provide all reports required by Commerce and any federal or state funding sources. Reports include but are not limited to:

- Monthly Weatherization Assistant database uploads, no later than 10 calendar days following the end of each month*
- Quarterly training reports, no later than 10 calendar days following the end of each quarter*
- Monthly Financial Status Report (FSR) no later than 10 calendar days following the end of each month*
- Final FSR, no later than 30 calendar days following the expiration of the grant contract or the expiration of the fund as defined on the NFA, whichever is first, including a listing of unliquidated obligations of grant funds, if any, and a list of equipment purchased with funds under this award
- Copy of the Service Provider's single or program specific audit

*In the case where the 10th day of the month falls on a holiday or weekend, reports are due on the business day immediately following.

Additional information about financial reporting requirements is found in Section 6 of the Policy Manual.

1.3 Service Provider Production

1.3.1 Unit Average Definition

Unit average refers to the total of applicable Program category expenses, which are held to their own average, divided by the number of completed units:

Unit Average = [Direct Service - Health & Safety + Program Support] / Completed Units

Vehicle and equipment purchases are included in the calculation under Program Support.

These Program sub-fund categories are not included in the unit average calculation: Standalone Events, Standalone Program Support, Fiscal Audits, and Liability Insurance.

Administrative and TTA expenses are not included in the unit average calculation. Refer to Section 6, Fiscal Policy, for further definition of these categories.

Refer to the current MN DOE State Plan and EAPWX State Plan (Appendix A) for the current statewide per unit and health and safety averages.

1.3.2 Production Planning

POLICY: Service Providers must have a system and tools in place to plan production and maximize available funding in each service territory. In planning production, Service Providers must meet the following requirements:

1. Establish and meet the minimum unit goals as set forth in Minnesota's annual DOE State Plan and as defined below:
 - The minimum number of DOE units required of individual Service Providers, per program year, is indicated on Minnesota's annual DOE State Plan (see Appendix A). Adjustment to the minimum number of DOE units may be granted by submitting justification and obtaining approval from Commerce.
 - Service Providers calculate their minimum number of EAPWX and Propane units required, per program year, after subtracting their budgeted amount for Standalone events. Standalone budgets should be based on the anticipated need.
2. Perform to the quarterly production plans as submitted in annual eHeat budgets, for each available fund.
3. Compare actual production against the quarterly breakdown as submitted in eHeat
 - If production deviates from the quarterly breakdown submitted in eHeat, agencies are expected to revise their internal production plan to ensure that the minimum unit goal is met and jobs are completed in a timely manner. Updates to internal production plans must be made available to Commerce upon request. Production plan changes do not need to be updated in eHeat.
4. Notify Commerce immediately if it is determined that the minimum unit goal cannot be met and/or if the agency is not able to spend down its full allocation.

1.3.3 Unit Completions

POLICY: Work activities and inspections for all event types must be completed within one program year. Service Providers are able to complete energy audits during the end of one program year, though final inspections, work orders and the measures within them must not be split between two program years, except within the conditions identified below.

Exceptions may be made if a job is paid for entirely with EAPWX funds. While every effort should be made to close all jobs by June 30 of each program year, delays or other issues may arise that cause a job to carry over into the following program year. There are two ways to handle these situations:

1. In an Audit Event where both the building shell and mechanical work cannot be completed/inspected by June 30, a Standalone Event for mechanical work only may be created, provided that:
 - a. Building shell work has not begun;
 - b. Mechanical work has not been paid for as part of the original audit event;
 - c. Mechanical systems measures can be completed and inspected (where required) on or before June 30; and
 - d. All other weatherization work will take place in the following program year.
2. If a job cannot be addressed with option 1, notify Commerce of any jobs that will carry over. This practice is not recommended and Service Providers are reminded of the risk in carrying over jobs into the next program year, as payment is contingent on a fully executed contract and Notice of Funds Available (NFA).

1.3.4 Timely Service

POLICY: Weatherization services shall be provided in the most cost-effective, efficient and timely way possible. Service Providers must complete the minimum number of units as calculated by the program year allocation and maximize the use of available funding.

Service Providers should develop processes that allow work to move smoothly from audit to final inspection. This includes:

- Tracking jobs at various stages in the process to view the status and keep jobs moving through the system;
- Adapting the program year production plan as needed to ensure the minimum number of required units is met;
- Minimizing the time elapsed between energy audits, entering the audit in WA, bidding jobs and issuing work orders;
- Giving deadlines to contractors and minimizing the time elapsed between visits from the different contractors needed to complete Weatherization work;
- Ensuring that mechanical systems are operating in a safe and dependable manner if work is delayed; and
- Using the “Delayed” status in WA and including comments to explain reasons for any major delays.

If no work has been performed within 90 days of completing the energy audit, any combustion analysis tests must be redone and the WA file updated. The audit data should also be reviewed to verify if any other relevant conditions may have changed.

1.4 Record Retention

POLICY: Financial records, supporting documents, statistical records, and all program or other records pertaining to the contract must be retained for a period of six years from the date of submission of the final expenditure report. If any litigation, claim or audit is started before the expiration of the six-year period, the records must be maintained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

Records for equipment and vehicles acquired with WAP funds must be maintained for six years after final disposition of the equipment or vehicle.

1.5 Data Privacy

All client data and records are considered private data.

POLICY: Service Providers must keep client data private in accordance with Minnesota Statute 216C.266. Private client data must be stored in a secure location to prevent unauthorized access while providing access to those who have a right to see the data, including federal and state funding source representatives. In addition, clients have the right to see the contents of their own files, upon request.

Service Provider staff may release only data relevant to a contractor to enable them to perform work. Contractors are required to keep such data private and cannot use the data to solicit other business with the household.

Private data may only be released to external third parties in order to better assist clients, provided that the household signs and understands a written release of information that specifies the reason for release.

Email communication to the Department of Commerce shall not contain household name, address or other private data unless sent through a secure email or shared through Commerce’s secure file transfer (FTP) website.

1.6 Client Appeals and Complaints

POLICY: Clients have the right to appeal decisions made by a Service Provider and/or Commerce. In cases where a complaint is received that does not meet the definition of an eligible appeal, a formal response is not required by the Service Provider and/or Commerce. However, both parties are required to document such complaints, when received, and follow up as warranted to resolve the complaint to the best of their ability.

The appeals process helps clients receive fair consideration and appropriate assistance. The appeals process is designed to be non-confrontational and reasonably resolve disputes.

There are three levels of appeal:

Level 1: Local Service Provider

Level 2: MN Department of Commerce

Level 3: Office of Administrative Hearings/Commissioner

Remedies at one level must be exhausted before an appeal can be filed at the next level. The appeals levels must be completed in the order in which they are listed below.

Appeals for work performed must be submitted to the Service Provider within one year of the date of project completion, or final inspection, when required. Client appeals must be received in writing. The letter must state what decision the client is appealing and provide sufficient documentation of the problem.

Appeals for deferral decisions are considered fully resolved at Level 2 and cannot rise to Level 3 (Office of Administrative Hearings/Commissioner).

Refer to Appendix E for the client appeal process that must be followed.

1.7 Code of Conduct

POLICY: All Service Providers must maintain written standards of conduct that at minimum:

1. Prohibit:

- a. Real or apparent conflicts of interest in the selection, award, and administration of grants supported by federal funds; and
- b. The solicitation or acceptance of gratuities or anything else of value from contractors or parties to sub-agreements.

2. Include employees, officers, agents of the Service Provider, their families, partners or related organizations that:

- a. Employ or are about to employ any of the parties indicated;
- b. Have a financial or other interest in the organization selected for the award. This includes immediate family members, partners or organizations that employ or are about to employ any of the affected parties; and

3. Provide disciplinary actions to be applied if such conflicts or gratuities do occur.

The Code of Conduct should also cover these topics: nepotism, political participation, and bribery. Service Provider Code of Conduct may set standards of acceptable conduct for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value.

1.8 Repayment

POLICY: Service Providers will repay Commerce for any costs which Commerce determines are not eligible under the WAP contract, costs that the Service Provider has been or will be compensated by

another entity, costs where the Service Providers' records do not clearly substantiate as eligible under the WAP contract, or costs identified as a financial audit exception.

1.9 Service Provider Liability Insurance

POLICY: All Service Providers are required to obtain sufficient liability insurance for all WAP work. Liability insurance costs can be charged to the liability insurance line item in the DOE budget and Financial Status Reports (FSRs). Proof of Service Provider liability insurance coverage must be made available to Commerce upon request.

Pollution Occurrence Insurance (POI) is not required. However, if the Service Provider does not have POI coverage and weatherization activities disturb environmental pollutants (such as lead), the cost of remediation, cleanup, relocation, medical expenses or any other resulting costs cannot be charged to any Commerce administered funds.

1.10 Assignment Agreements

POLICY: Service Providers may neither assign nor transfer any rights nor obligations under the WAP contract without the prior consent of Commerce and a fully executed Assignment Agreement. The Assignment Agreement must be executed and approved by the same parties who approve grant contracts, or their successors. Service Providers must use Commerce's Assignment Agreement template.

1.11 Internal Controls

POLICY: Service Providers must establish and maintain effective internal controls over federal awards in accordance with 2 CFR 200.303. Internal controls must provide reasonable assurance that Service Providers are managing funds in compliance with applicable federal and state statutes, regulations, and reporting requirements and that prompt action is taken when noncompliance issues are identified through monitoring and audits.

Section 2: Eligibility and Service Requirements

2.1 Household Eligibility

POLICY: Dwelling units must be occupied by a household whose income is at or below 200% of Federal Poverty Income Guidelines, or is eligible for assistance under the LIHEAP income limit of 50% of State Median Income, whichever is greater at the time of eligibility determination. Eligibility for weatherization and related services must be determined by Service Providers using the eHeat software system.

Households must be downloaded from eHeat and uploaded into the Weatherization Assistant software. Annual EAP eligibility ends September 30 of each year. If a household's new EAP application has not yet been approved, Service Providers may utilize the previous year's eligibility to perform energy audits through October 31. In the case of a standalone event, the previous year's eligibility may be used if the standalone event is initiated by October 31.

Categorical Eligibility: DOE allows households to be determined categorically eligible to receive weatherization services. Categorical eligibility exists when one of more members of the household received either Supplemental Security Income (SSI) or Temporary Assistance to Needy Families (TANF) benefits at any time in the 12 months preceding the date of the application. Note: There is no categorical household eligibility that allows the use of EAPWX or other non-DOE WAP dollars.

2.2 Income Documentation for Eligible HUD or USDA Properties

POLICY: DOE publishes lists of eligible buildings identified by the U.S. Department of Housing and Urban Development (HUD) or the U.S. Department of Agriculture (USDA). Properties included in these lists have been determined to meet certain income eligibility criteria without the need for further verification by the local Service Provider.

Refer to Policy 3.3.2.2 and Appendix C for additional policy and procedural requirements.

2.3 Priority for Providing Weatherization Services

POLICY: In accordance with 10 CFR 440.16, priority must be given in identifying and providing weatherization assistance to households where one or more of the following exist:

1. High energy consumption (high energy use and/or high energy burden)
2. Elderly household member(s) (60 years or over)
3. Disabled household member(s)
4. Household member(s) under the age of 19

Households who do not meet at least one of the priority categories may only be served if all eligible priority households in the Service Provider's territory have been served. Within the above listed priority, Service Providers may choose the order in which households are served. Priority systems must be applied equally to both renter and owner occupied dwellings and applied equitably to all areas of the Service Provider's territory.

Within the priority categories, Service Providers may choose to consider additional criteria for order of service including but not limited to:

- Using the oldest application approval date for positioning applicants within the same category,
- An emergency referral from the Energy Assistance Program (EAP) for a life-threatening

emergency,

- Opportunity to complete other rehabilitation work with non-weatherization funds; or
- An official state or federal disaster designation.

Service Providers must be able to demonstrate how their local priority determination is made and how it best serves the eligible population in the service territory. Service Providers are required to have written procedures in place to ensure that eligible households are served according to their priority system.

Section 3: Dwelling Eligibility

3.1 Proof of Ownership – Owner Occupied Dwellings

POLICY: Service Providers must verify home ownership if it has not been verified through the local EAP program and must document ownership in owner-occupied household files. Proof of ownership ensures that proper authorization is obtained prior to weatherizing a dwelling.

Mobile/manufactured homes may either be personal or real property. If the mobile home is titled through Driver and Vehicle Services, it is considered personal property and Driver and Vehicle Services can issue a certificate of title that serves as proof of home ownership. If the mobile home title was surrendered to the county, then the home is considered real property and documentation of ownership would be the same as for other non-mobile homes.

Proof of ownership documentation includes:

- Property tax statements
- Mortgage statements
- Contract for deeds recorded with the county
- Quit claim deeds recorded with the county
- Online or written information from a county recorder or assessor
- Official county receipt for transfer of title
- Ownership validation from a tribal government
- Other documentation pre-approved by Commerce

3.2 Single-Family Owner-Occupied Dwellings

POLICY: In order to be weatherized, a single-family dwelling must be occupied by an eligible owner. Owner-occupied townhomes may be treated as single-family dwellings provided there is complete separation between units of building thermal barrier, air pressure boundary, mechanical systems, and individually metered units.

3.3 Rental Dwelling Requirements

3.3.1 Single-Family Rental Requirements

POLICY: In order to be weatherized, a single-family dwelling (1 unit) must be occupied by an eligible household prior to the start of any weatherization activities.

3.3.2 Multifamily Rental Requirements

POLICY: Service Providers may weatherize multifamily buildings containing 2 or more units. Weatherization is designed to take place with a whole building as a system approach. A single unit within a multi-unit building may not be weatherized.

Rented townhomes where there is a complete separation between units of building thermal barrier, air pressure boundary, mechanical systems, and individually metered units; may be treated either as individual units, or, if eligibility is met, as a multifamily building.

3.3.2.1 Multifamily Income Eligibility

POLICY: Eligibility for each building in a multi-family complex of buildings is determined separately. For a multifamily building to be weatherized, at least 66% (50% for duplexes and fourplexes) of units in the building must meet one of the following:

- Are income eligible dwelling units, or
- Will become eligible dwelling units within 180 days under a Federal/State program for rehabilitating the building.

Refer to Appendix C for procedures on how to set up individual eHEAT, WA, and/or EA-Quip files for vacant or ineligible units.

3.3.2.2 Income Eligibility for Eligible HUD/USDA Properties

POLICY: DOE publishes lists of eligible buildings identified by the U.S. Department of Housing and Urban Development (HUD) or the U.S. Department of Agriculture (USDA). Properties included in these lists have been determined to meet certain income eligibility criteria without the need for further verification by the local Service Provider.

Service Providers must collect demographic information from the building owner. Demographic data must be reported for individual units. Refer to Appendix C for procedures on how to set up individual eHEAT, WA, and/or EA-Quip files for units of HUD/USDA eligible properties.

3.3.2.3 Maximum WAP Expenditures for 5+ Units

POLICY: When weatherizing a building containing 5 or more units, Service Providers must calculate the maximum amount of MN Weatherization Assistance Program (WAP) expenditures using the calculation below. Per policy 1.3.1, Program Support costs are included in the unit average, and therefore should be included in the maximum WAP share.

Maximum WAP share = [statewide unit average + statewide health & safety average] x number of qualified units

3.3.3 EAPWX Transfer Funds

POLICY: EAPWX funds may only be used to weatherize units occupied by eligible households in which tenants either directly or by meter pay their own heating bills. EAPWX funds may not be used to weatherize a rental unit if it is vacant or occupied by an ineligible household. DOE or other non-EAPWX funds must be used to weatherize vacant or ineligible units.

Additional requirements for utilizing EAPWX funds in a multifamily building can be found in the current EAPWX State Plan (Appendix A).

3.3.4 Accrual of Benefits

POLICY: Per 10 CFR 440.22, Service Providers may weatherize rental properties where tenants do not directly pay heating bills, provided the benefits of weatherization accrue primarily to the income eligible tenant(s).

Landlords must provide detailed justification to Service Providers indicating how benefits of weatherization will accrue to tenants. Once deemed sufficient by the Service Provider, Commerce approval is required prior to beginning weatherization work.

Examples of accrual of benefits to tenants who do not directly pay heating bills include, but are not limited to:

- Investment of the energy savings from weatherization work in specific health and safety im-

- improvements with measurable benefits to tenants,
- Longer term preservation of the property as affordable housing,
- Investment of the energy savings in facilities or services that offer measurable and direct benefits to tenants,
- Improvements to heat or water distribution and ventilation to improve the comfort of residents,
- Continuation of protection against rent increased beyond the local written agreements required under the WAP regulations (10 CFR 440.22), and
- Establishment of a shared savings program.

3.3.5 Landlord Agreement

POLICY: When weatherizing rental units, written permission of the owner/landlord must be obtained prior to the start of weatherization activities and kept in the household file.

In compliance with 10 CFR 440.22, landlords must agree to the following:

For a reasonable period of time after weatherization work has been completed on a dwelling containing a unit occupied by an eligible household, the tenants in that unit (including households paying for their energy through their rent) will not be subjected to rent increases unless those increases are demonstrably related to matters other than the weatherization work performed.

Tenants may file complaints to Service Providers and/or Commerce if concerns arise over the agreed upon terms of the landlord agreement. Landlords, in response to such complaints, shall demonstrate that the rent increase concerned is related to matters other than the weatherization work performed.

3.3.6 Landlord Contribution

POLICY: Except in cases where the landlord also qualifies for weatherization services, landlord contributions must be handled as follows:

- Landlord contribution is required when weatherizing a multi-family property (five (5) or more units); the amount of financial contribution is determined by the Service Provider and must be documented in local policy.
- Service Providers may choose to require landlord contributions when weatherizing rental properties containing 2-4 units; the amount of financial contribution is determined by the Service Provider and must be documented in local policy.
- Service Providers may not require landlord contributions for one (1) unit rental properties. However, contributions for 1 unit dwellings are optional and may be accepted.
- Landlord contribution for rental properties containing 2 or more units may be used to buy-down a SIR. Refer to Appendix C for buy-down procedures. If not used for a buy-down, contributions may be used for individual measures or to complete work beyond the scope of WAP, as determined by the local Service Provider.
- Landlords must complete work to come into compliance with MN Statute 504B.161 or other local rental code, if identified through the audit and applicable to weatherization. This work must be completed prior to or in conjunction with weatherization projects. This is not counted towards landlord contribution requirements.
- Contributions should not be reported as Program Income.

3.4 Mixed-Use Buildings

POLICY: Federal rules require that DOE funds may only be used on residential buildings or space. Mixed-use buildings, which include both residential and non-residential space, present special challenges in order to determine their eligibility and the viability of providing services using WAP funds. Mixed-use buildings may be weatherized in some circumstances provided that the building, or a portion of the building, meets one of the following criteria:

Type 1: The building is a single-family dwelling where the business use and the residential use completely or almost completely overlap (e.g., home daycare).

Type 2: The building contains residential and commercial units (ex: living quarters above a storefront).

PROCEDURE:

Type 1: Document the nature of the business in the dwelling and the amount of overlap between the business and residential portions. Complete weatherization activities in the same manner as any other eligible single-family dwelling.

Type 2: Evaluate the building prior to the energy audit to determine feasibility of weatherization activities. In cases where there is not a complete separation between units, the entire building must be weatherized which requires contribution from the business owner. Because situations vary widely, Commerce pre-approval is required when weatherizing a Type 2 building.

3.5 Group Homes

POLICY: Weatherization services may be provided to group homes that have a room and board license from the Minnesota Department of Health and whose residents meet current eligibility guidelines. Documentation must be kept in the household file to demonstrate these criteria have been met.

Service Providers may only weatherize portions of the building that are associated with the actual living environment of the residents. Because the entire building must be weatherized, building owner contribution is required for any non-living spaces (ex: office space, gyms, etc.).

Group homes will be counted for production purposes using the method that allows the Service Provider to report the highest number of completions. Each floor of the building used for living space may be counted as a separate unit or each 800 square feet of the living space may be counted as a separate unit.

3.6 Previously Weatherized Dwellings

POLICY: Except in cases of disaster as discussed below, DOE prohibits weatherizing units that received weatherization services after September 30, 1994. Service Providers must keep records of previously weatherized units and document in each client file that pre-weatherization status has been verified.

Non-DOE WAP funds may be used for reweatherization so long as the dwelling is occupied by an eligible household and there are additional cost effective energy conservation measures that can be completed as documented by a current energy audit.

Dwellings previously weatherized at any time constitute the lowest priority for current weatherization services. These dwellings should not make up any more than a small percentage of dwellings weatherized in any program year.

If a dwelling is reweatherized, Service Providers must use the "Previously Weatherized" check box in the Client Screen of the WA software for reporting purposes.

Disaster Plan: Previously weatherized dwellings may be considered for services in the case of

a federal or state declared disaster. Refer to section V.9 of Minnesota's current DOE State Plan (Appendix A) for dwelling eligibility, eligible activities, required documentation, and reporting requirements. EAPWX funds may be used for disaster response and follow the same guidelines found in the DOE State Plan.

3.7 State Historic Preservation Office Review

POLICY: All dwellings to be weatherized, including those built after 1965 and manufactured homes, must be reviewed by the Minnesota State Historic Preservation Office (SHPO) prior to issuing work orders. Commerce uses an online preservation data system that indicates if further review is needed by SHPO. SHPO reviews do not need to be conducted for Standalone events.

3.8 Deferrals

There are conditions or situations when a dwelling unit containing an eligible household cannot or should not be immediately weatherized. This does not mean that weatherization assistance will never be available, but that work must be postponed until the problems can be resolved and/or alternative resources are found.

POLICY: Service Providers may elect to defer a home from receiving weatherization services where health and safety hazards exist for the staff, contractors or clients, or where conditions that cannot be addressed by WAP funds, prevent the safe and effective implementation of weatherization measures. A determination may be made during the eligibility process, during the audit, or after work has begun.

Service Providers shall not simply defer service without pursuing other options or identifying other resources to address the identified reason(s) for deferral. Whenever appropriate, educational information on how to address the hazard shall be shared with the occupant.

Service Providers must make a documented determination that circumstances exist which prevent weatherization activities from proceeding and provide the household with Commerce's Deferral Form. If a household successfully addresses the deferral reason(s) identified, weatherization may proceed/resume, so long as the household's EAP application is current and approved (Refer to the Household Eligibility policy, 2.1). Service Providers must maintain a list of deferred dwellings for that purpose.

Conditions where Service Providers must not weatherize include:

- The dwelling was weatherized after September 30, 1994.
 - This rule relates to DOE funding only. See 3.6 "Previously weatherized dwellings" for more information.
- The dwelling is scheduled for demolition.
- The condition of the structure would make weatherization impossible or impractical (e.g. inability to meet SWS).

Conditions where a Service Provider may defer, include, but are not limited to:

- The dwelling is in the process of being sold.
- The dwelling is in the process of being remodeled.
- If owners refuse cost-effective measures as determined by the Weatherization Assistant (WA) software tool, Service Providers must defer that dwelling per WPN 13-5 unless approval from Commerce is requested and approved.
- The building structure or its mechanical systems, including electrical and plumbing, are in such a state of disrepair that failure is imminent and the conditions cannot be resolved cost-effectively.

- The house has sewage or other sanitary problems that would further endanger the client and weatherization installers if weatherization work were performed.
- The house has been condemned or electrical, heating, plumbing, or other equipment has been “red tagged” by local or state building officials or utilities.
- Moisture problems are so severe they cannot be resolved under existing health and safety measures and with minor repairs.
- Dangerous conditions exist due to high carbon monoxide levels in combustion appliances, and cannot be resolved under existing health and safety measures.
- The extent and condition of lead-based paint in the house would potentially create further health and safety hazards.
- In the judgment of the energy auditor, if any condition exists which may endanger the health and/or safety of the work crew or subcontractor, the work should not proceed until the condition is corrected.
- The client has known health conditions that prohibit the installation of insulation and other weatherization materials.
- If the dwelling contains vermiculite insulation, which is assumed to contain asbestos.
 - o Weatherization of a dwelling containing vermiculite may only proceed if testing indicates the vermiculite is not an asbestos containing material (ACM) per Minnesota Department of Health vermiculite testing guidelines.
 - o Service Providers must have an internal policy, based on the current DOE State Plan, for how to address vermiculite insulation, including whether testing will be conducted.
- The cost to weatherize a home is so significant that it will negatively impact the Service Provider’s ability to meet the statewide average cost per dwelling. Commerce must be notified in writing prior to deferring a dwelling for this reason.

Households may also be deferred for the reasons below. In these cases, Service Providers must issue, in a timely manner, written notification to the client. Client signatures on a deferral form are not required in cases where Service Provider staff feel threatened or unsafe. In these cases, notification by certified mail is recommended.

- The presence or use of any controlled substance is evident or observed by auditors, inspectors, contractors, crews or anyone else who must work on or visit the home.
- The client is uncooperative, abusive, or threatening to anyone who must work on or visit the home.

Section 4: Audit Event

4.1 Definition

An Audit Event is the primary method of delivering services in the Weatherization Assistance Program. It can be funded with U.S. Department of Energy (DOE), EAPWX, Propane, or other special revenue. Audit Events focus primarily on measures that save energy while protecting the health and safety of the homeowners. An Audit Event is first created in eHEAT and includes an energy audit and is tracked through the Weatherization Assistant (WA) software.

POLICY: The Minnesota Weatherization Assistance Program (WAP) uses WA software version 8.10.0.6 to generate energy conservation measures for single-family dwellings, manufactured dwellings and multifamily buildings containing 2-4 units. WAP uses the EA-Quip online software for multifamily buildings containing five or more units. Audit Events will be prioritized over Standalone Events when dwellings are eligible for both event types.

PROCEDURE:

- Create an Audit Event in eHEAT and download it into the WA software (Appendix C - eHEAT to WA File Transfer)
- Conduct work in accordance with the Standard Work Specification (Appendix B - MN Weatherization Field Guide - SWS Aligned Edition or <http://wxfieldguide.com/mn/>)
- Report the completed Audit Event to Commerce via the monthly WA export or a special export

4.2 Types of Measures

4.2.1 Energy Conservation Measure

As defined in WPN 12-9, an Energy Conservation Measure (ECM) is “a procedure, including materials and installation, which is considered or performed for its anticipated energy savings.”

POLICY: ECMs are to be evaluated based on a Savings to Investment Ratio (SIR), which is equal to the energy savings over the life span of the measure divided by the total cost of the installation. The energy savings are calculated by the WA Software identified in the current State Plan, and the cost is entered into WA. All ECMs with an SIR of 1.0 or greater must be completed. All Audit Events must include at least one ECM with an SIR of 1.0 or greater. In homes that utilize both DOE and EAPWX funds, a minimum of one ECM per fund type is required.

ECMs must be installed in the order of descending SIR with the following exceptions:

- Mechanical work must be done before building shell measures
- Air sealing measures must be done before insulation
- Programmable thermostats will be modeled on guidance found in the Weatherization Assistant User’s Manual, pg. 9-42 (Appendix C)

PROCEDURE:

For Audit Events:

1. Enter data from the energy audit into the WA software as indicated in the Weatherization Assistant User’s Manual (Appendix C);
2. Generate recommended measures;
3. For each identified ECM, use the current State Plans (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if it is an allowable activity;
4. If there is a change in the cost of an ECM, the updated cost must be entered in WA to determine if the SIR is still 1.0 or greater before proceeding;

5. Install measures; and
6. Verify and document that all ECMs are properly installed.

Reminder: ECMs are not allowed in a Standalone Event.

4.2.2 Incidental Repair Measure

As defined in WPN 12-9, an Incidental Repair Measure (IRM) is a procedure, including materials and installation, “which is performed because it is deemed necessary for the effectiveness of one or more installed ECMs.”

POLICY: Justification for IRM’s must be noted in the WA software, including an explanation of their need and relationship to a specific conservation measure or a group of conservation measures. The cost of all IRMs is added to the cost of all ECMs combined to calculate a cumulative job SIR. The resulting cumulative SIR calculation for the total job cost must be 1.0 or greater.

Incidental Repairs are limited to \$2,000 for each Weatherization job, with no more than \$1,000 per fund source.

PROCEDURE:

For Audit Events:

1. Identify and document any necessary IRM and the associated ECM(s).
2. For each IRM, use the State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if it is an allowable activity.
3. If the cumulative job SIR is less than 1.0, use the current State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if the IRM can be installed as a Health and Safety Measure as identified in Section 4.1.3 of this document.
4. In cases where the cumulative SIR remains less than 1.0 as a result of IRM costs, remove the IRM and the associated ECM(s) with the lowest SIR until the cumulative SIR is 1.0 or greater.
5. When filling out details in the WA work order, ensure that the “Measure Type” drop down in the measures tab is set to “General Repair.”
6. Install measures.
7. Verify and document that all IRMs were addressed properly.

Reminder: IRMs are not allowed for Standalone Events.

4.2.3 Health & Safety Measure

As defined in WPN 12-9, a Health & Safety Measure (HSM) is a procedure, including materials and installation, “necessary to maintain the physical wellbeing of the occupants and/or weatherization workers where the actions MUST be taken to effectively perform weatherization work or the actions are necessary as a result of weatherization work.”

POLICY: All Audit and Standalone Events must include an assessment of the health and safety issues of the home. Clients must be provided with a written notice of identified health and safety risks, including those that go beyond the scope of WAP.

The State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) give detailed guidance on what health and safety activities are allowed as well as the current job average for Audit Events. The Allowable Measures Chart (AMC) also provides details on when written justification for specific measures is required in the Health and Safety tab of the WA file.

PROCEDURE:

For Audit Events:

1. Identify and document existing and potential health and safety hazards.
2. Provide written notification of the health and safety hazards to the owner/landlord in rental dwellings and to the client in both rental and owner-occupied dwellings. Include all information relevant to the hazard.
3. For each identified hazard, use the current State Plan (Appendix A) and the Allowable Measures Chart (Appendix C) to determine if correction of the hazard is an allowable activity within the resource limitations of the program.
4. Identify if the hazard should be mitigated before, during or after weatherization activities.
5. Determine whether to proceed with weatherization or defer weatherization until the hazard is mitigated.
6. When filling out details in the WA work order, ensure that the "Measure Type" drop down in the measures tab is set to "Health & Safety."
7. Install measures.
8. Verify and document that the hazards were addressed properly.

Reminder: an HSM is the only allowed measure type in a Standalone Event.

4.3 Household File Contents

POLICY: All household files must contain the following completed forms and documentation. Service Providers should develop local procedures to ensure that household files contain all required documents. Files may be maintained electronically or in paper form. Any forms requiring a signature must be completed prior to being dated and signed by all related parties.

4.3.1 Eligibility Forms:

- Income Eligibility - eHEAT Application Summary
- Documentation indicating that previously weatherized status has been verified and complies with Section 3.6 Previously Weatherized Dwellings.
- SHPO Review - Historic Preservation Data Sheet (prior to start of work)
- Proof of ownership (if owner occupied)
- Landlord Agreement (if renter occupied)

4.3.2 Forms

The following forms, must be used and can be found on the Commerce website:

- Weatherization Service Agreement (If there are any changes to the measures identified on the Weatherization Service Agreement between the energy audit and the point of issuing work orders, file documentation must indicate that the client was informed of any changes)
 - o Records the agreement between the client and service provider on weatherization measures to be completed
- Client Refusal Form (when applicable)
 - o Tracks any weatherization work refused by client (refer to policy 3.8)
- Blower Door and Pressures Form
 - o Documents blower door and house pressure testing

- Mechanical Testing Form – Contractors
 - Documents mechanical systems testing performed by contractors
- Mechanical Testing Form – Inspectors
 - Documents mechanical systems testing performed by inspectors
- Final Inspection Form
 - Details the final inspection of an audit event. By signing, client acknowledges weatherization measures were performed
- Renovate Right Signature Form when applicable, see policy 4.4.2.6)
 - Documents client has received the lead hazard renovation pamphlet
- Client Participation Form
 - Records activities to be completed by clients prior to weatherization work and recommendations to increase client energy savings
- Safety Assessment Form
 - Documents any safety hazards found in the home and subsequent client education provided by the service provider
- Safety Assessment – Mold and Moisture Form (Used when mold and moisture issues are documented on the Safety Assessment Form)
 - Documents any mold and moisture issues found in the home by the service provider
- Fuel Switch Request Summary (when applicable)
 - Documents fuel switch request information
- Electric to Fossil Fuel Switch (when applicable)
 - Documents the efficiency conversion from electric to fossil fuel
 - Used with the Fuel Switch Request Summary & Request Forms when requesting an electric to fossil fuel switch
- Deferral Form (when applicable)
 - Documents specific conditions that must be met for a home to become eligible for weatherization services

4.3.3 Energy Audit Information

- Data Collected during audit (*for example see Audit Data Collection Form*)
- Photo documentation
- Additional documentation
 - Other relevant notes
 - Correspondence between service provider and customer
 - Correspondence between the service provider and Commerce

4.3.4 WA Data

- All relevant data inputs needed to accurately model the house as described in the Weatherization Assistant User’s Manual (Appendix C) and the Weatherization Assistant User’s Manual-Addendum (Appendix C)
- Client Survey
- Client Checklist

- Client Measure and Job SIRs Report

4.3.5 Quality Control Inspection

- Quality Control Inspection Form
 - Documents data collection and procedures necessary as part of a Quality Control Inspection
- Change Order Form (when applicable per 4.4.3.2 Change Orders)
- All relevant permits
- Lien waivers from all contractors and material suppliers
- Bid process documentation (when applicable)
 - A bid form that includes bid specifications for the project
 - A list of contractors invited to bid the project
 - A copy of all bids received
 - Labor and materials split
 - Notification of bid selection to all bidders
 - If the lowest responsive bid was not selected, include documentation showing sufficient justification for the bid selection
- Payment documentation
 - Purchase and/or payment authorization, including date and signature(s) of approver(s) (purchase order, voucher, etc.)
 - Itemized invoices, labor and materials must be split
- Additional warranty documentation (when applicable)
- Lead Test Kit Documentation Form (when applicable, see policy 4.4.2.6)
 - Documents the renovation site, firm, certified renovator, and lead test kit information.
- Lead Safe Revovation Recordkeeping Form (when applicable, see policy 4.4.2.6)
 - Documents lead safe practices
- Contractor/crew notes
- Contractors' Air Conditioning Contractors Association (ACCA) approved Manual J calculation (for heating plant replacements)
- Photos of inspected work

4.4 Energy Audit

POLICY: Each eligible dwelling unit scheduled for weatherization must have an energy audit. The audit must take place after household eligibility is established and prior to the start of any weatherization work and be conducted by a qualified person that has received the Building Performance Institutes Building Analyst or Quality Control Inspector Certifications or another Commerce approved certification. An energy audit includes a site visit where data is collected, a diagnostic test process, a client education process, and site-specific energy modeling with the WA software.

4.4.1 Site Visit

Conducted by an energy auditor, a site visit is used to collect relevant data about each dwelling, including the following:

4.4.1.1 Data Collection

- Site map (Appendix C - Weatherization Assistant User's Manual – Addendum)
- Mechanical systems data plate info
- All observed health & safety issues
- Items related to the WA client survey
- Photos
 - o All sides of the exterior
 - o Insulation type and levels
 - o Heating plant and water heater, venting, labels, and appliance
 - o Items within the scope of work
 - o Information that will affect the scope of work
 - o Health and safety hazards
 - o Information needed to understand the existing conditions and the scope of work
 - o Information needed by crews or contractors to perform their work properly
 - o Justification for deferral/walk away
 - o Pictures documenting lead safe work practices (when applicable)

4.4.1.2 Diagnostic Tests

Conducted by an energy auditor, the diagnostic tests are conducted to inform consideration for all measure types. (Appendix D - Audit Event – Energy Audit Diagnostic Tests)

4.4.1.3 Client Education

- Client will be informed about the following areas:
 - o Building and mechanical systems operation
 - o Weatherization process
 - o Observed Health and Safety items, including those that are outside the scope of the Weatherization Assistance Program
 - o Appeals process

4.4.1.4 Weatherization Assistant (WA) data entry

- Enter all relevant data (Appendix C - Weatherization Assistant User's Manual and Weatherization Assistant User's Manual – Addendum)
- Generate Recommended Measures in WA

4.4.2 Measure Consideration

POLICY: All measures (ECM, IRM, & HSM) that can be done within the program guidelines shall be done. A complete list of measures can be found in the Allowable Measures Chart (AMC) - (Appendix C). Listed below are measures with additional, specific policies related to them:

4.4.2.1 Heating Plant Replacement

POLICY: All heating plants will be evaluated for replacement. The replacement heating plant must meet or exceed the following criteria:

- Annual Fuel Utilization Efficiency (AFUE) of at least 93%
- For fuel oil units the AFUE must be at least 80%
- Sealed combustion two-pipe system except when physical conditions in the dwelling prevent it. Conditions that prevent a two-pipe system must be clearly documented in the household file.
- Burner with a minimum of two (2) stages
- Electronically commutated (EC) motor

In addition, per SWS 5.3001.1, all non-manufactured home heating plant replacements require an ACCA-approved Manual J calculations. The calculations can be completed by either the Service Provider or a licensed/bonded mechanical contractor before the installation of the heating plant. A copy of the Manual J calculations is required in the household file. When the calculation is done by a mechanical contractor the Service Provider will provide the contractor with the proposed changes to all building insulation levels and the estimated post blower door number for use in the calculations.

If the SIR is less than 1.0 and the heating plant poses a health and safety risk, replacement should be done as a HSM.

PROCEDURE:

Model the heating plant for replacement using the steady state efficiency as determined by a sample of the flue gas taken with a calibrated combustion analyzer when the heating plant is at steady state operation.

If the heating plant does not have an SIR of 1.0, evaluate the unit for a clean and tune per section 4.4.2.2

If any additional components of the heating system are needed, use the Allowable Measures Chart - (Appendix C) to determine if the components are allowable activities and what their measure type is.

4.4.2.2 Clean and Tune

POLICY: A clean and tune is required when one or more of the following conditions are present:

Heating Plant:

- Carbon monoxide levels in the flue exceed the standards indicated in the MN Weatherization Field Guide - SWS Aligned Edition pg. 446 (Appendix B)
- Visual indicators of soot and/or flame rollout
- Burners and/or distribution fan are visibly dirty

If during the clean and tune it is discovered that the heating plant has a cracked heat exchanger or is otherwise unrepairable, follow Section 4.4.2.1 of this document. The contractor that performed the clean and tune must not be awarded the replacement until procurement procedures (see Policy Section 7) have been followed.

Water Heater

- Carbon monoxide levels in the flue exceed the standards indicated in the MN Weatherization Field Guide - SWS Aligned Edition pg. 446

Oven/Stove Top

- Carbon monoxide levels in the oven or above the burners exceed the standard indicated in the MN Weatherization Field Guide - SWS Aligned Edition pg. 28

4.4.2.3 Electronically Commutated (EC) Motor

POLICY: All households with forced air systems that are not being replaced will be evaluated for an Electronically Commutated (EC) motor upgrade.

PROCEDURE:

- Create a user defined measure for the EC motor-retro fit and adjust the “lifeyr” field to reflect the age of the existing heating plant (Appendix C - EC Motor)
- Evaluate for replacement by running the audit

4.4.2.4 ASHRAE 62.2-2013

POLICY: All households will meet all aspects of the ASHRAE 62.2-2013 standard. ASHRAE calculations must be done using WA 8.10.0.6. The continuous flow rate must be set according to the final blower door readings.

4.4.2.5 Duct Sealing

POLICY: Ductwork will be sealed and insulated according to the SWS (Appendix B - Duct Sealing Guidance)

4.4.2.6 Lead Safe Work Practices

POLICY: All work done in dwellings built prior to 1978 will meet the requirements of the Environmental Protection Agency’s (EPA’s) Lead Renovation, Repair and Painting Rule (RRP Rule).

- Occupants of dwellings built prior to 1978 must be provided with a copy of the EPA’s Renovate Right brochure, which will be documented on the Renovate Right Signature Form.
- For any work that disturbs a painted surface greater than the de minimis level, a Lead Test Kit Documentation Form is required. Any work done on painted surfaces that have tested positive for lead or any untested surface presumed to contain lead will be documented on the Lead Safe Renovation Recordkeeping Form.

4.4.2.7 Air Sealing

POLICY: Infiltration reduction will be modeled in all dwellings. All work must be completed in accordance with the SWS. Required air sealing for all dwellings must include the following:

- Chimney and flue bypasses
- Soil stack bypasses
- Exhaust fan bypasses

4.4.2.8 Fuel Switching

POLICY: The Minnesota Weatherization Assistance Program does not permit the general practice of fuel type switching when replacing heating systems and other appliances. However, it doesCommerce considers fuel switching on a limited, case-by-case basis in two scenarios:

- When a site-specific energy audit, based on all related costs, demonstrates the cost-effectiveness of the fuel switch over the life of the measure as indicated by the SIR; and/or,
- When a compelling health and safety concern can feasibly be addressed by a fuel switch in order to meet the mandate to provide safe and, effective heat to eligible households.

The cost associated with installing a new fuel line or pipe to a home is not allowed with WAP funds.

Fuel switch requests must be submitted to Commerce for pre-approval (Appendix C – Fuel Switch Guidance).

4.4.3 Work Orders

POLICY: Work orders will be created from the Recommended Measures tab in the WA software (Appendix C - Weatherization Assistant User’s Manual and Weatherization Assistant User’s Manual-Addendum).

4.4.3.1 Changes to Energy Model

POLICY: Service Providers will verify that all estimated and actual measure SIRs and the cumulative job SIR are 1.0 or greater, taking into account any changes to the energy modeling in WA. (Appendix C – Measure and Cumulative Job SIR Verification)

4.4.3.2 Change Orders

POLICY: When the scope of work (measures or their costs) deviates from an issued work order a change order is required to reflect the updated scope of work. The Change Order Form must be included in the client file and requires a client’s signature when a measure is added or deleted. A client signature is not needed when there is a change only in the cost of a measure.

4.4.4 Manufactured Housing Requirements

4.4.4.1 Codes

POLICY: Per 24 CFR 3280 and MN Rules Chapter 1350, weatherization activities related to manufactured homes are governed by the code in effect when the home was manufactured as listed on the data plate.

- Pre-code: Prior to July 1, 1972 (local ordinances may apply)
- Minnesota code: Between July 1, 1972 and June 14, 1976
- HUD code: After June 14, 1976

PROCEDURE:

- Identify the manufacture date
 - o Minnesota Code: label or seal
 - o Housing and Urban Development (HUD) code: Data plate or compliance certificate provided by the seller when the manufactured home was purchased
- Record in the comments box of the MHEA “Audit Information Tab” in the Weatherization Assistant (WA) software

4.4.4.2 Alterations

Alterations are the replacement, addition, modification, or removal of any equipment or installation after sale by a manufacturer to a dealer or distributor, but prior to sale by a dealer to a purchaser, which may affect the construction, fire safety, occupancy, plumbing, and heat-producing or electrical systems. This includes any modification made in the manufactured home which may affect the compliance of the home with the code standards.

POLICY: Per 24 CFR 3282.7, no alterations are permitted to manufactured homes covered by either the Minnesota or HUD manufactured home codes, except when the Service Provider obtains written permission from either the manufacturer of the unit or the Department of Labor and Industry.

PROCEDURE:

- For all manufactured homes: As a part of all manufactured home energy audits, identify any pre-existing alterations to the manufactured structure and document it in the WA software.
- For manufactured homes covered by HUD or Minnesota code: Complete weatherization activities as indicated by the MHEA audit to the extent they return the manufactured home to the manufacturer's specifications.
- For pre-code homes: Complete weatherization activities as indicated by the MHEA audit, taking care that activities do not damage any of the manufactured home's systems as indicated by the policy above.

4.5 Work Orders Issued to Contractors/Crews

4.5.1 Work Standards and Materials

POLICY: All weatherization materials must meet or exceed the specifications in 10 CFR 440, Appendix A, or be listed in the current DOE approved State Plan (Appendix A). All work must be done in accordance with the Standard Work Specification (as stated in WPN 15-4), applicable state building codes, and manufacturer's specification.

4.5.2 Warranty

POLICY: Unless otherwise noted, labor and materials are warrantied for one year from the date of final inspection. Service Providers and clients should refer to MN Statute 327A for more information.

4.5.3 Required Tests

POLICY: Contractors will conduct and document the tests listed below when applicable for each home. The result will be included with the invoice.

4.5.3.1 Mechanical Contractors

- Gas Pressure Test - on replacements, clean and tune, or repair (8.5 MN Weatherization Field Guide - SWS Aligned Edition)
- Combustion Analysis/CO in Flue - on replacements, clean and tune, or repair (8.1 MN Weatherization Field Guide - SWS Aligned Edition)
- CAZ Depressurization Test - at the end of each day on replacements, exhaust fan work, and any changes to building tightness (8.1 MN Weatherization Field Guide - SWS Aligned Edition)
- Combustion Spillage Test - at the end of each day on replacements, clean and tune, or

repair (8.1 MN Weatherization Field Guide - SWS Aligned Edition)

- Heat Rise Test on replacements, clean and tune, or repair (8.3.1 MN Field Guide - SWS Aligned Edition)
- ASHRAE Fan Room Balancing Test - on fan installs in homes with non-forced air systems (9.2 MN Weatherization Field Guide - SWS Aligned Edition)

4.5.3.2 Building Shell Contractors/Crews

- Blower Door @ 50 Pa: pre and post (12.2 MN Weatherization Field Guide - SWS Aligned Edition)
- Attic Zonal Pressures: pre and post
- CAZ Depressurization Test: required at the end of each day (8.1 MN Weatherization Field Guide - SWS Aligned Edition)
- Combustion Spillage Test: required at the end of each day (8.1 MN Weatherization Field Guide - SWS Aligned Edition)
- Room-to-Room Pressure Balance: pre and post on homes with forced air systems (9.2 MN Weatherization Field Guide - SWS Aligned Edition)
- ASHRAE Fan Room Balancing Test - on fan installs in homes with non-forced air systems (9.2 MN Weatherization Field Guide - SWS Aligned Edition)

4.6 Quality Control Inspection

A Quality Control Inspection (QCI) verifies that all aspects of the Audit Event have been satisfactorily completed and the payment and reporting process may proceed. The QCI includes a complete file review, site visit (including a sensory inspection and diagnostic tests), a client education process, and a file closeout process.

POLICY: A QCI must be conducted by a qualified person who has been awarded a Quality Control Inspector Certification from the Building Performance Institute. The QCI must not be conducted by the person who conducted the original energy audit on the dwelling, or by anyone who installed any work called for in the energy audit. The QCI must take place after work has been completed and before payment is issued. A QCI includes the tasks listed below. Items in Section 4.6.1, 4.6.5.2, and 4.6.5.3 may be conducted by other staff as long as that work is verified by a certified Quality Control Inspector. The Quality Control Inspector is ultimately responsible for all elements of the QCI process.

4.6.1 File Review

Verify that all required forms and documentation are present and completed as detailed in Section 4.3 of this document.

4.6.2 Site Visit

4.6.2.1 Verification of audit data

POLICY: Service Providers will develop an internal plan to ensure that data gathered at the energy audit is collected correctly, accurate, and correctly entered into the WA software.

4.6.2.2 Sensory Inspection

- Verify that work was done in accordance with the Standard Work Specification and

applicable codes and in a professional manner

- Take photos of all work

4.6.2.3 Diagnostic Testing

Conducted by a Quality Control Inspector, the diagnostic tests are conducted to help verify that measures have been installed properly. (Appendix D - Audit Event - QCI Diagnostic Tests)

4.6.2.4 Client Education

- Interview client about entire weatherization process
 - o WX staff interactions
 - o Contractor/crew professionalism
 - o Overall satisfaction
- Verify that all needed client education was done
- Complete the Final Inspection Form

4.6.3 Call for Re-work (if needed)

POLICY: If any work does not meet the standard detailed in the SWS, the Quality Control Inspector must document the situation and call for the work to be re-done. A re-inspection of all re-works must be completed.

4.6.4 Client Refusal of Final Inspection

POLICY: In cases where a final inspection cannot be completed due to a variety of scenarios, such as client moving or not responding to local weatherization staff, Service Providers shall document all attempts made to reach the client in the household file. The job cannot be counted as a completion. Weatherization funds can be used to pay for the completed measures.

PROCEDURE: In WA, change the Audit status to "Other," do not lock the job, and include justification in the comment field on the Client Information or Audit Information that work was completed but not inspected.

4.6.5 File Close Out

4.6.5.1 Provide feedback to all relevant parties:

- Weatherization staff
- Contractors/crews

The feedback should include ways in which the weatherization process worked well and areas that could be improved.

4.6.5.2 WA data entry

1. Enter in diagnostic results from QCI site visit.
2. Enter contractor/crew notes.
3. Update relevant work statuses. (Appendix C - Required Weatherization Assistant Statuses)

4.6.5.3 Fiscal verification

1. Enter quantity and cost information from contractor/crew invoice.
2. Compare invoices to WA work orders and bids to identify and resolve any discrepancies.
3. Verify the appropriate use of cost centers and that cost centers align between WA and other fiscal documentation (purchase order, etc.).
4. Verify that invoices were not paid before final inspection was complete.
5. Update relevant fiscal statuses.

4.7 Callback Event

POLICY: If it is determined that additional, non-warranty work is needed for a dwelling after an Audit Event is completed and reported to the Department of Energy (DOE), a Callback Event must be used. Service Providers may use DOE funds or EAPWX funds for callback work. Prior approval from Commerce must be obtained for all Callback Events.

4.7.1 DOE Callback

PROCEDURE (per WPN 11-03):

1. The previously completed unit must be taken out of the DOE reporting system and the associated costs subtracted from the DOE fund category.
2. The DOE 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 DOE reporting system.
3. The Project Officer will then reject the report so that the revised reporting adjustments can be made.
4. Commerce must coordinate with its financial office to ensure the appropriate accounting methods follow federal cash management procedures.
5. After making any necessary repairs or other callback measures, the Service Provider must re-inspect the unit and report the completion to Commerce.
6. Commerce will then report the unit to DOE, including all final costs for the unit, in the month the completed work takes place.

4.7.2 EAPWX Callback

POLICY: EAPWX funds may be used to pay for the correction of measure(s) incorrectly completed during an Audit Event or to complete a conservation measure that was inadvertently missed. Work that was incorrectly completed or missed by a contractor during an Audit Event is not an eligible Callback Event.

EAPWX funds used must follow LIHEAP rules in Section 2605 (k)(1)(B) limiting the use of funds to low-cost weatherization and or other energy-related home repair for households with highest consumption and for currently EAP-eligible households in an eligible dwelling unit, excluding unoccupied units. If EAPWX funds that are used for Callbacks exceed 20% of EAP-WX funds on an annual basis, Commerce reserves the right to discontinue permission for the use of EAPWX for financing Callbacks.

PROCEDURE:

1. Submit a request to Commerce that includes the proposed scope of work, including:

all cost estimates, non-DOE resources to be used, photographs, warranty, client notes, and/or insurance information.

2. If approved:
 - If the client is currently eligible, add the client to the WAP queue and create a Callback Event in eHEAT.
 - If the client is not currently eligible, submit a request to Commerce to add the client to the WAP queue. When the client is added to WAP queue, create a Callback Event in eHEAT.
3. Download the eHEAT generated Callback Event into WA
4. Add measure details to the callback work order.
5. Complete the approved scope of work.
6. Inspect the completed work in accordance with policy 4.6. An on-site inspection by a Commerce staff member may also be required.
7. Notify Commerce that the callback work is completed and submit pictures of the completed work. Commerce may require additional reporting.

Section 5: Standalone Event

5.1 Definition

A Standalone Event is a method, separate from an Audit Event - Section 4, of delivering services in the Weatherization Assistance Program. It can be funded with EAPWX and/or Propane funds. Standalone Events focus exclusively on heating system and water heater repair and replacement measures. The Allowable Measures Chart (Appendix C) has a section on Standalone Events that details what measures are allowed.

POLICY: In cases where a dwelling is eligible for both an Audit Event and a Standalone Event, the Audit Event must take priority and the mechanical systems measures shall be completed as part of the Audit Event, except in cases described in Section 1.3.4. Standalone Events may not be used in lieu of a Callback Event to correct issues with a completed and reported Audit Event. For all heating plant replacements follow the Policy portion of Section 4.4.2.1 of this document.

Eligible Dwellings: There are specific requirements for dwelling eligibility for Standalone Events:

- Rental dwellings are eligible for a Standalone Event only if there is written documentation in the household file that the landlord/owner is unable to make needed repairs/replacements
- There is a \$2,000 limit per Standalone Event on rental properties
- Vacant or otherwise ineligible rental units are not eligible for a Standalone Event
- Owner occupied dwellings are not subject to the \$2,000 limit

Types of Standalone Events: There are two types of Standalone Events - Emergency Standalone and Non-emergency Standalone.

An **Emergency Standalone** is a situation where a dwelling has a no-heat event during the winter season or a heating system or water heater is causing a life-threatening situation such as high carbon monoxide levels in the flue gas. Emergency Standalones may not be performed in dwellings that currently do not have an existing heating system or water heater. During an Emergency Standalone the following policy applies:

- If there is a life-threatening situation, EAPWX funds are available and LIHEAP's ERR funds are not available; EAPWX funds must be used
- A Service Provider must take immediate action to restore households in no-heat/life-threatening conditions to safe situations
- Service Providers must have in place a mechanical procurement process that ensures fair contractor competition while allowing for prompt services (see policy 7.9)
- HVAC contractors are responsible for a Manual J calculation when completing heating plant replacements (for all non-manufactured housing heating plant replacements)

A **Non-emergency Standalone** is a situation where full weatherization services cannot be provided and the dwelling does not have a no-heat or life-threatening situation. Service Providers are not required to address Non-emergency Standalones. Non-emergency Standalones may not be performed in dwellings that currently do not have an existing heating system or water heater. Each Service Provider will create an internal policy that details how Non-emergency Standalones will be handled.

PROCEDURE:

- All Standalone Events must be created in eHEAT and downloaded into Weatherization Assistant (Appendix C - eHEAT to WA File Transfer)
 - Do not change an Audit Event work order name and/or measure type to create a Standalone Event work order
- Use the default work order name: "Standalone"
- For Emergency Standalones, set the "work order type" field in the work order as "Emergency Repair or Replacement"

- For Non-emergency Standalones, set the “work order type” field in the work order as “Other”

5.2 Standalone Events - Health & Safety/Measure Type

Standalone Events focus exclusively on heating system and water heater repair and replacement measures.

POLICY: A Health & Safety Measure is the only measure type allowed for a Standalone Event. In addition, all Standalone events must include an assessment of the health and safety issues related to the mechanical systems. Recognizing that it is not a full audit, if identified during the Standalone Event, health and safety risks, including those that go beyond the scope of WAP, must be provided in a written notice to the client.

PROCEDURE:

1. Identify and document existing and potential health and safety hazards.
2. Provide written notification of the health and safety hazards to the owner/landlord in rental dwellings and to the client in both rental and owner-occupied dwellings. Include all information relevant to the hazard.
3. For each identified hazard, use the Allowable Measures Chart (Appendix C) to determine if correction of the hazard is an allowable activity within the resource limitations of the program.
4. When filling out details in the WA work order, ensure that the “Measure Type” dropdown in the Measures Tab is set to “Health & Safety.”
5. Install measures.
6. Verify and document that the hazards were addressed properly.

5.3 Household File Contents

POLICY: All household files must contain the following completed forms and documentation. In addition, Service Providers should develop local procedures that ensure the household file contains all required documents. Files may be maintained electronically or in paper form. Any forms requiring a signature must be completed prior to being dated and signed by all related parties.

5.3.1 Eligibility

- Income Eligibility - eHEAT Application Summary
- Proof of ownership (if owner occupied)
- Landlord Agreement (if renter occupied)

5.3.2 Forms

- Standalone Service Agreement & Completion Certificate
- Mechanical Testing Form
- Renovate Right Signature Form (when applicable, see policy 5.4.1)
- Lead Test Kit Documentation Form (when applicable, see policy 5.4.1)
- Lead Safe Renovation Recordkeeping Form (when applicable, see policy 5.4.1)

5.3.3 Quality Control Inspection

- Work orders

- All relevant permits
- Lien waivers from all contractors and material suppliers
- Bid process documentation (when applicable)
 - A bid form that includes bid specifications for the project
 - A list of contractors invited to bid the project
 - A copy of all bids received
 - labor and materials split
 - Notification of bid selection to all bidders
 - If the lowest responsive bid was not selected, include documentation showing sufficient justification for the bid selection.
- Payment documentation
 - Purchase and/or payment authorization, including date and signature(s) of approver(s) (purchase order, voucher, etc.)
 - Itemized invoices; labor and materials must be split
- Additional warranty documentation (when applicable)
- Contractor/crew notes
- Contractors' ACCA Manual J calculation (for all non-manufactured housing heating plant replacements)

5.3.4 Photos

- Relevant pre-existing conditions (such as a leaking water heater)
- Properly completed work
- Work that does not pass inspection
- Health and safety concerns
- Pictures documenting lead safe work practices (when applicable)

5.4 Standalone Event - Site Visit

POLICY: Each Non-emergency Standalone Event must have a site visit. The site visit must take place after household eligibility is established and prior to the start of any mechanical system work. A site visit includes photo and written documentation of health and safety issues related to the mechanical systems as well as diagnostic testing as defined in the Standalone Event – Site Visit Diagnostic Tests (Appendix D). In addition, Client Education on the mechanical systems operation, standalone process, and appeals process should be conducted.

5.4.1 Lead Safe Work Practices

POLICY: All work done in dwellings built prior to 1978 will meet the requirements of the Environmental Protection Agency's (EPA's) Lead Renovation, Repair and Painting Rule (RRP Rule).

- Occupants of dwellings built prior to 1978 must be provided with a copy of the EPA's Renovate Right brochure, which will be documented on the Renovate Right Signature Form.
- For any work that disturbs a painted surface greater than the de minimis level, a Lead Test Kit Documentation Form is required. Any work done on painted surfaces that

have tested positive for lead or any untested surface presumed to contain lead will be documented on the Lead Safe Renovation Recordkeeping Form.

5.4.2 Fuel Switching

POLICY: The Minnesota Weatherization Assistance Program does not permit the general practice of fuel type switching when replacing heating systems and other appliances. However, it does consider fuel switching on a limited, case-by-case basis when a compelling health and safety concern can feasibly be addressed by a fuel switch in order to meet the mandate to provide safe and effective heat to eligible households.

The cost associated with installing a new fuel line or pipe to a home is not allowed with WAP funds.

Fuel switch requests must be submitted to Commerce for pre-approval (Appendix C – Fuel Switch Guidance).

5.5 Standalone Event – Work Order

POLICY: The Allowable Measures Chart (Appendix C) will be used to determine all allowable measures needed. All work must be done in accordance with the Standard Work Specification as detailed in the MN Weatherization Field Guide - SWS Aligned Edition (Appendix B). When working in manufactured housing, follow all the policies in Section 4.4.4 of this document.

Work Orders will be created as needed within the Standalone Event in WA from entering all relevant data in the work order and updating statuses.

5.6 Standalone Event – Contractor Requirements

POLICY: All weatherization materials must meet or exceed the specifications in 10 CFR 440, Appendix A, or be listed in the current DOE approved Minnesota State Plan. All work must be done in accordance with the Standard Work Specification (as stated in WPN 15-4), applicable state building codes, and manufacturer’s specification.

Mechanical contractors will conduct and document the Required Tests listed below when applicable for each home. The result will be included with the invoice.

- Gas Pressure Test - on replacements, clean and tune, or repair (8.5 MN Weatherization Field Guide - SWS Aligned Edition)
- Combustion Analysis/CO in Flue - on replacements, clean and tune, or repair (8.1 MN Weatherization Field Guide - SWS Aligned Edition)
- CAZ Depressurization Test on replacements (This is required daily and after work ends.) (8.1 MN Weatherization Field Guide - SWS Aligned Edition)
- Combustion Spillage Test – at the end of each day on replacements, clean and tune, or repair (8.1 MN Weatherization Field Guide - SWS Aligned Edition)
- Heat Rise Test on replacements, clean and tune, or repair (8.3.1 MN Field Guide - SWS Aligned Edition)

5.6.1 Warranty: Unless otherwise noted, labor and materials are warranted for one year from the date of final inspection. If a standalone event is not required to be inspected, the warranty is for one year from the date of completion. Service Providers and clients should refer to MN Statute 327A for more information.

5.7 Quality Control Inspection

A Quality Control Inspection (QCI) verifies all aspects of the Standalone Event have been satisfactorily completed and the payment and reporting process may proceed.

POLICY: All Standalone Events costing more than \$500.00 must pass a QCI. It is recommended that Standalone Events with lesser costs be inspected whenever possible. If arrangements cannot be made with the client to access the building for a final inspection, the agency will document its unsuccessful attempts in the electronic client file.

The QCI must not be conducted by the person who conducted the original site visit on the dwelling, or by anyone who installed work on the dwelling. The QCI must take place after work has been completed and before payment is issued.

A QCI for a Standalone Event is different than a QCI for an Audit Event and includes the tasks listed below. All aspects may be conducted by multiple staff but must be overseen by a qualified person with a current Building Performance Institute - Quality Control Inspector (QCI) Certification. The Quality Control Inspector is ultimately responsible for all elements of the QCI process.

5.7.1 File Review

Verify that all required forms and documentation are present and completed as detailed in Section 5.3 of this document.

5.7.2 Sensory Inspection

- Verify that work was done in accordance with the Standard Work Specification (SWS) and applicable codes and in a professional manner.
- Take photos of all inspected work.

5.7.3 Diagnostic Testing

Conducted by a Quality Control Inspector, the diagnostic tests are conducted to help verify that measures have been installed properly. (Appendix D - Standalone Event - QCI Diagnostic Tests)

5.7.4 Client Education

Survey client for satisfaction of work performed, contractor professionalism, and WX staff interactions. Document replies and complete the Completion Certificate section of the Standalone Service Agreement form (see policy 5.3).

5.7.5 Call for Re-work (if needed)

If any work does not meet the standards detailed in the SWS, then the Quality Control Inspector should document the situation and call for the work to be redone. An inspection of all re-works must be completed.

5.7.6 File Close Out

Once all work has been completed to the SWS standards, complete the following in Weatherization Assistant software:

- Enter quantity and cost information from contractor/crew invoice.

- Compare invoices to WA work orders and bids to identify and resolve any discrepancies.
- Verify the appropriate use of cost center and that cost centers align between WA and other fiscal documentation (purchase order, etc.).
- Update relevant work statuses (Appendix C - Weatherization Assistant User's Manual - Addendum).
- Verify that invoices were not paid before final inspection was complete.
- Update relevant work and fiscal statuses.
- Report the Standalone Event to Commerce via the regular monthly export or a special export.

Section 6: Fiscal Policy

6.1 Spending Authority

POLICY: Service Providers may not begin work or incur expenses until a fully executed contract has been issued and the Service Provider has received a Notice of Funds Available (NFA). Each NFA issued by Commerce will specify the time period during which the Service Provider may perform work and incur eligible costs. Such time period specified on an NFA may begin on or after the effective date of the executed contract and may end on or before the expiration date of the contract.

6.2 Weatherization Assistance Program Funds

Minnesota Weatherization Assistance Program (WAP) is funded by two federal sources: the U.S. Department of Energy and the U.S. Department of Health and Human Services. In addition, ongoing funding for households primarily fueled by propane is allocated through MN State Statute. All three funding sources are held to requirements found in the state contract.

At times, other funding sources may be allocated through legislation. Guidelines for special or temporary funding sources will be made available in Appendix F of the policy manual, when applicable.

These funding sources, as well as non-accounting funds described below, may be combined for individual jobs. When combining funds, consideration must be made to funding source policy differences as indicated throughout this manual.

U.S. Department of Energy (DOE) WAP Funds

DOE allocates funds to Minnesota on an annual basis contingent on a federal appropriation for WAP and an approved State Plan submitted annually to DOE by Commerce. The mission of WAP is to reduce energy costs for low-income households by increasing the energy efficiency of their homes, while ensuring their health and safety. DOE WAP funds are regulated by 2 CFR 200, 10 CFR 440, 10 CFR 600, DOE Weatherization Program Notices (WPNs), DOE Memorandum, Minnesota's annual DOE State Plan, and the state contract.

U.S. Department of Health and Human Services (HHS) Low Income Home Energy Assistance Program (LIHEAP) Funds

The LIHEAP block grant from HHS allows states to transfer a percentage of LIHEAP funding to WAP. The transfer is referred to as EAPWX funding. The objective of the use of EAPWX funding is to provide low-cost residential weatherization and other cost-effective energy-related home repair to reduce energy costs for low-income households. EAPWX funds may be used for audit events and standalone events. MN's annual EAPWX State Plan and the remainder of this policy manual provide guidance and any exceptions to DOE policy.

Propane Funds

In accordance with Statute 239.785 Subdivision 6, Propane funds are appropriated by the Minnesota Legislature and may be used to improve the energy efficiency of residential liquefied petroleum gas heating equipment in low income households, and, when necessary, to provide weatherization services to the homes. Propane funds may be used for audit events and standalone events for households whose primary fuel is propane.

6.2.1 eHeat Funding Terms

Funds are separated into two categories in eHeat:

Accounting Funds: Includes federal and non-federal funds that are received by Department of Commerce (Commerce) and allocated to Service Providers on a NFA (ex: DOE). All accounting funds allocated to Service Providers are held to the requirements set forth in this section. Accounting funds are governed by 2 CFR 200. Additionally, DOE funds are governed by 10 CFR 600.

Non-Accounting Funds: Includes federal and non-federal funds used by individual Service Providers and used in conjunction with accounting funds to increase the scope of weatherization services to eligible households and/or serve additional households (e.g.: CIP, CDBG, agency funds.). Costs must be reported in WA when non-accounting funds are used to complete measures included on a weatherization audit or standalone work order. Non-accounting funds may be governed by 2 CFR 200 or other regulations as indicated by the appropriate funding source/grantor.

6.3 Work Plan and Budgets

POLICY: Each Service Provider receiving Weatherization Assistance Program funds from Commerce must complete and submit budgets, work plans and/or production plans in eHeat, according to the most recent Notice of Funds Available (NFA).

All budgets and work plans will be reviewed and approved by Commerce staff. If allocations are increased or decreased during the program year, budgets must be revised and resubmitted to Commerce. Once approved, budgets cannot be edited unless a Commerce staff member reopens the budget in eHeat.

If an agency does not submit a budget by the respective due date as identified by Commerce, Commerce may choose to hold funds until budgets have been received.

6.4 Financial and Program Report Submissions

The Financial Status Reports (FSRs) provide uniform reporting of expenditures according to the Service Provider's accounting records. Commerce uses FSRs to track, monitor, and report subgrantees' expenditures on an ongoing basis.

POLICY: Service Providers are required to submit monthly FSRs in eHeat by the date prescribed in the WAP contract reporting section. FSRs are required even if zero expenses have occurred in the month reported.

Accrued interest and program income earned/expended, as defined in 2 CFR 200.80, must be reported on the corresponding monthly FSR.

Documentation of expenditures reported on monthly FSRs must be made available to Commerce upon request.

If monthly FSRs are not submitted by the due date, Commerce may choose to hold funds until FSRs are submitted

6.5 Cash Requests

POLICY: Cash requests must be submitted electronically using the e-HEAT cash request form. They may be submitted as frequently as needed but no more than once a week for the Service Provider to effectively manage cash. Cash requests have no specific due date.

Commerce processes cash requests as follows:

- i. Will be reviewed for reasonableness and accuracy; and
- ii. Will be processed on a first-in, first-out basis; Commerce will make every effort to process requests as quickly as possible and no later than 30 days after receipt.

Advance Requests

Requests may be submitted in advance as long as the time elapsing between the disbursement and the actual occurrence of expenditures is as minimal as possible and are timed to be in accordance with the actual, immediate cash needs of the agency, in compliance with 2 CFR 200.305.

Reimbursement Requests

If cash is requested on a reimbursement basis, requests are to be submitted at least monthly, if expenses have occurred.

Returning Funds

If an agency's costs are disallowed or funds must be returned to Commerce for any reason, a negative cash request must be submitted in eHeat. Commerce may choose to offset overpayments and disallowances by reducing cash payments on any grants with the Service Provider. If returned funds were previously reported as Direct Service expenses, cost centers must be updated in WA once funds are returned.

6.6 Financial Closeout

POLICY: At the close of each program year (June 30), all Service Providers must close out all WAP funds and submit an electronic closeout package for each fund. All closeout packages must be submitted no later than 30 calendar days following the expiration of the grant contract, or the expiration of the fund as defined on the NFA, whichever is first.

Packages must include the following:

- i. A final FSR submitted in eHeat
 1. Total expenditures cannot exceed the total allocation for each fund.
 2. Total expenditures reported on the final FSR should not include any leveraged funds.
 3. Mark the FSR as Final.
- ii. A check for the balance of any funds that were requested but remain unspent. Make the check payable to the Minnesota Department of Commerce. The check record must contain the Fund ID number and the program name.
- iii. A list of any continuing liabilities on the fund or a statement that there are no continuing liabilities. This note must be typed into the Service Provider Note Box on the final FSR.
- iv. An inventory of non-expendable personal property purchased during the program year. This note must be typed into the Service Provider Note Box on the final FSR or emailed to the WAP mailbox.

If requested by Commerce, Service Providers must provide documentation of reconciled cash draws and expenditures. The reconciliation must identify each cash payment received, the payment date, and the corresponding monthly total of FSR expenditures reported for the fund.

If the closeout package or any missing documents have not been received by the due date, Commerce may choose to hold funds until the package is received.

Except in the case of state error, Commerce cannot honor past due liabilities after the closeout period ends.

6.7 Financial Audits

POLICY: One copy of the most recent third-party financial audit must be submitted to Commerce within six months of the end of the audit period, as required by 2 CFR 200.512. The single audit can be submitted either as a hard copy via mail or electronically via email.

6.8 Budget Revisions

Budget revisions are handled differently whether a revision to a fund category (Admin, TTA, Program, etc.) or when a sub-fund (standalone, health and safety, program support) deviates from the originally budgeted amount.

6.8.1 Fund Categories

POLICY: The original allocation of Admin and TTA funds cannot be increased. Admin and TTA funds may be moved to Program, in order to complete more units.

To request a budget revision, Service Providers should email the Commerce WAP mailbox. The request must include the amount requested to be transferred and a justification for the transfer. If approved, Commerce will send written confirmation of the approval and reopen the budget in eHeat for the provider to adjust the budget. Commerce will send a revised NFA once approved. Service Providers should allow at least one week for approval and processing. Revisions to funds cannot take place after the end of the program year (June 30) or after the expiration of a fund (ex: EAPWX funds that end on September 30), whichever is first.

6.8.2 Sub-Fund Categories

POLICY: Service Providers may deviate from their budgeted amounts for sub-funds/sub-categories as needed and within reason (health & safety, energy conservation, standalones, financial audit, etc.). eHeat budgets do not need to be revised when sub-funds deviate from the originally budgeted amount. Commerce may require written justification for questioned or major deviations. Service Providers should take major deviations into consideration when budgeting for future program years.

6.9 Allowable Expenditures

This section identifies allowable expenses and what fund or sub-fund for which they can be charged. The list includes general expenses and is not all-inclusive; other expenses that are not included may also be allowable. Service Providers should contact the Commerce WAP mailbox with questions about allowable expenses.

6.9.1. Fund Categories

Administration Funds (Admin)

Subgrantees shall define their administrative costs consistent with the generally accepted accounting practices and procedures within the organization and as allowed by OMB's 2 CFR 200. Allowable admin costs for WAP include planning, oversight, general WAP administration, and reporting and accountability for WAP funds and services.

Training & Technical Assistance (TTA)

TTA activities are intended to maintain or increase the efficiency, quality and effectiveness of WAP at all levels. TTA is a fund category under DOE only.

Program

Program includes two sub-categories: Program Support and Direct Service. Both implement non-admin activities to deliver WAP services and meet program goals.

Program Support: Costs associated with delivering weatherization services to households that are not reportable in WA. This includes energy audit expenses (including those resulting in deferral), inspection costs, client intake, client education costs, and other costs necessary to deliver weatherization services. Program Support expenses are included in the unit average calculation (see policy 1.3.1).

Direct Service: Material and labor costs directly attributable to individual households. This includes measure-installation costs performed by crews or contractors in eligible households. Direct Service costs are always entered in WA.

6.9.2. Expenditure Categories

POLICY: This section further defines allowable expenditures by expense type and provides examples for each type. Service Providers should contact Commerce with questions about any costs that do not fit within the following expense type categories.

6.9.2.0 Allowable Personnel Expenses

This includes salaries, wages, benefits, and payroll taxes for the performance of WAP-related activities. Actual payroll costs are charged by fund category or sub-category according to the activity being completed (Example: A program coordinator who completes final inspections or reviews individual projects charges that time to Program Support and charges their time spent budget and production planning to Admin. The remaining payroll costs are allocated in the same way). Specific positions are generally costed as follows.

Administrative Funds:

1. Executive Director
2. Program Manager or Coordinator
3. Fiscal Director
4. Accounting Staff
5. IT Staff
6. WAP Clerical Staff (when performing functions necessary to overall WAP administration)

Program Support Funds:

1. Auditors and Inspectors
2. Warehouse Staff
3. Crews (when not weatherizing dwellings but working on other WAP-related duties)
4. Other Non-Admin Staff
5. WAP Clerical Staff (when working on tasks necessary to delivering WAP services to households)
6. Program Manager or Coordinators (when serving in a program support role as listed above)

Direct Service:

1. Crews (when performing weatherization on dwellings)

TTA Funds

1. Personnel attending a WAP training event (see Allowable TTA Expenses policy)

6.9.2.1 Allowable Training and Technical Assistance (TTA) Expenses

All training activities paid for with TTA funds must be reasonable and have a direct and documentable relationship to WAP. TTA may generally be used for the following.

The primary use of TTA funds are for:

1. Conference or training registration fees and/or trainer fees
2. Training materials
3. Travel, lodging and logistics for training activities

When funds allow, TTA may also be used for:

4. Wages and benefits of Service Provider staff to attend a WAP training event
5. Contractor stipends and training expenses (see Policy 7.6.1)

Note: contractor stipends may not be used to pay for licenses or certifications required by state, federal or local law. Stipends may only be used to pay for contractors to attend trainings at the request of the Service Provider or Commerce for WAP related training.

Out-of-State Travel: Commerce pre-approval is required when TTA funds are used for out-of-state travel. The request form is available on the Commerce website. Once completed, email an electronic copy to the Commerce WAP mailbox. Allow at least one week for processing.

NOTE: TTA funds typically cannot be used to purchase vehicles or equipment for Service Providers. The cost of these vehicles or equipment to support the program must be charged to the vehicle/equipment or program support categories. Any exceptions must be pre-approved in writing by Commerce.

6.9.2.2 Allowable Direct Service Expenses

Direct Service expenses must be reported under the appropriate budget category on monthly FSRs. All Direct Service expenses are reported in WA. Direct Service expenses entered in WA must be accurate and align with supporting fiscal data. Allow-ability is determined by all applicable WAP policies.

1. Materials installed in eligible dwellings: energy conservation, health and safety, and incidental repair measures
2. Payments made to contractors for activities in eligible dwellings
3. Crew personnel and applicable travel expenses (see policies 6.9.2.0 and 6.9.2.7)
4. The cost of any permits required for work to be performed at a specific dwelling

6.9.2.3 Fiscal Audit

DOE allows the WAP share of a fiscal audit to be charged to Program Support. The WAP share charged to EAPWX or Propane must be charged to the Admin category.

6.9.2.4 Allowable Occupancy Expenses

Occupancy expenses include any of the following costs and must follow the Service Provider's cost allocation plan. Costs can be charged to Admin and Program Support. The split generally follows the same breakdown as personnel costs. This means that occupancy costs for admin staff are charged to Admin; occupancy costs for non-admins staff are charged to Program Support.

1. Space costs (rent, mortgage payments, property insurance, cleaning services, etc.)
2. Utilities (heat, electric, water, garbage collection, etc.)
3. Connectivity (phone and internet services, etc.)

6.9.2.5 Allowable Equipment Expenses

Equipment is defined as tangible personal property having a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more. Commerce and DOE approval are required for all equipment purchases. Note: Equipment purchases and lease-to-own arrangements are only allowed using DOE funds. Computing devices typically do not meet the federal definition of equipment (2 CFR 200.20, 33, 94).

6.9.2.6 Allowable Supply Expenses

Supply expenses include tangible personal property other than those that meet the definition of equipment (policy 6.9.2.5, 2 CFR 200.94)

Admin Supplies (Examples)

1. Electronics (computers, software, printers used for WAP admin functions)
2. Office (WAP share of furnishings, copy machines, faxes, phones, postage meters)

Program Support Supplies (Examples)

1. Auditor/inspector testing tools
2. Blower doors
3. Personal CO monitors
4. Power tools
5. Cameras for auditor/QCI photos
6. Office (WAP share of furnishings and other supplies used for program support functions)

6.9.2.7 Vehicle Operations, Maintenance and Insurance Costs

Operations costs include gas, oil, license tabs, and other small incidental costs. Maintenance costs include all scheduled and unscheduled repairs necessary to keep the vehicle in good and safe operating condition. Service Providers are required to keep operations and maintenance logs for all agency-owned vehicles.

Admin Vehicle Expenses

1. Operations costs when a vehicle is used for travel to and from admin-related functions
2. Proportionate share of insurance cost if a vehicle is used for admin functions
3. Proportionate share of maintenance costs if a vehicle is used for admin functions

Program Support Vehicle Expenses

1. Operations costs when a vehicle is used for audits or inspections or other program support related functions
2. Insurance costs when a vehicle is used for program support functions
3. Maintenance costs when a vehicle is used for program support functions

Direct Service Vehicle Expenses

1. Operations costs when crews use a vehicle to travel to and from job sites and/or transport materials to a job site

6.9.2.8 Insurance and Bonds (Non-Personnel)

Allowable Admin Expenses

1. WAP share of insurance, including but not limited to Property, Crime, Liability, Directors and Officers, Employment Practices and Umbrella policies.
2. WAP share of any required agency-level bonds.

Allowable Program Support Costs

1. Liability insurance (WAP related)
2. Pollution Occurrence, if carried by the Service Provider

6.9.2.9 Additional Allowed Costs

The following are additional expenses that may be allowable to charge to WAP funds.

Allowable Admin Expenses

1. Office supplies, postage and printing
2. Consultants and professional services

Allowable Program Support Expenses

1. Residential Building Contractor license for crew-based programs. Allowed for DOE and EAPWX funds; not allowable under Propane funds.
2. EPA Lead Firm certification for crew-based programs. Allowed for DOE and EAPWX funds; not allowable under Propane funds.
3. License and certification fees for auditors and inspectors as required by WAP policy
4. Printing of client forms and client education materials
5. Health and safety supplies for staff (masks, respirators, etc.)

NOTE: License and certificate costs in this section are only for the fee to obtain the license or certificate. Costs to train staff to qualify for the required licenses or certificates are TTA expenses.

6.10 Program Income

Program income means gross income earned by Service Providers that is directly generated by a supported activity or earned as a result of federal funds. Program income includes but is not limited to income from fees or services performed, the use or rental of property acquired with WAP funds, and the sale of items purchased or fabricated with WAP funds.

POLICY: Service Providers must disburse funds available from program income earned on WAP funds prior to requesting or expending additional WAP funds. Program income received and expended must be reported on corresponding monthly FSRs.

Program income received through the rental or use of vehicles and equipment purchased with WAP funds from current or prior awards, must be returned to the Program category of the relevant WAP fund and used to weatherize additional dwellings. Program income received through the rental or use of equipment may not be added to the administrative or TTA fund categories.

Section 7: Procurement

POLICY: Service Providers are required to comply with federal standards, as set forth in 2 CFR 200.317-326, in the purchase of supplies, equipment and services. All Service Providers must establish written procurement procedures to govern local procurement activities.

7.1 Competition

POLICY: All procurement transactions must be conducted in a manner to provide, to the maximum extent possible, free and open competition. Federal rules provide for the right of bidders to compete, but do not provide a right to be awarded a bid. Federal rules state that:

- Awards shall be made to the bidder whose bid is the most responsive to the solicitation and is most advantageous to the Service Providers. Price, quality, and other factors must be considered.
- The Service Provider may accept or reject any or all bids when it is in its best interest to do so.
- Service Providers must be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade.

7.2 Cost and Price Analysis

POLICY: Some form of cost and price analysis should be made and documented in connection with every procurement action. The exact form of the analysis varies with the nature of the purchase and the amount of funds to be spent. Service Providers must analyze price by reviewing and evaluating each cost element to determine if it is reasonable, can be cost-allocated, and is allowable. Prices should be compared to price quotes, market prices and similar indices.

7.3 Solicitation

POLICY: Service Providers are required to publicize their need to purchase goods, equipment or services as widely as possible. Documentation must be maintained to show the method to publicize procurement actions. Advertisements for contractors, contractor RFP, and/or a contractor recruitment process must take place at least every three years.

Solicitations for goods or services must provide the following:

1. A clear and accurate description of the requirements that the material/product/service must meet; the description must not unduly limit competition
2. Requirements that all responders must fulfill
3. All factors to be used to evaluate, measure and verify bids
4. Description of functions to be performed or performance required
5. Range of acceptable characteristics or minimum acceptable standards
6. Consideration of products that conserve natural resources, protect the environment, and are energy efficient
7. Other factors relevant to the specific procurement action

Service Providers must maintain documentation verifying that procurement actions meet the criteria above. Procurement records include the following, at a minimum:

1. Basis for contractor/vendor selection
2. Justification for lack of competition when competitive bids are not obtained (sole source)
3. Basis for award cost or price

See Sections 4 and 5 of the manual for minimum file documentation requirements when bidding individual jobs.

Specific Requirements for Contractor Procurement

7.4 Affirmative Action

POLICY: Federal rules, as stated in 2 CFR 200.321, require that Service Providers take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible.

Affirmative steps must include:

1. Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
2. Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women’s business enterprises;
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

As indicated in the MN WAP Contract, Service Providers must comply with the provisions of MN Statute §181.59. This statute prohibits discrimination on account of race, creed, or color in the hiring of contractors.

7.5 Contractor Eligibility

POLICY: Service Providers are required to verify that contractors meet all applicable state and federal certification requirements, are insured, and meet all other program specific requirements as detailed below. Clear, adequate, and up-to-date documentation must be maintained to ensure that all contractors and their subcontractors meet these standards.

All contractors and their subcontractors must:

1. Warranty all work and materials. The warranty must be in writing and must be signed by the contractor and by the client, building owners, or authorized agent (see policies 4.5.2 and 5.6.1 for minimum warranty requirements).
2. Be licensed and/or bonded as required by pertinent laws, ordinances, regulations, or codes.
3. Obtain required permits from authorities with jurisdiction, as applicable.
4. Provide lien waivers to the Weatherization Service Provider for all work completed in accordance with Minnesota Statute 514.001.
5. Meet the minimum insurance coverage requirements:
 - a. Property damage, bodily injury, and liability as determined by the Service Provider
 - b. Basic worker’s compensation, where required by law or regulation.
6. Have the capacity to implement program requirements and have the access to necessary tools and equipment.

7. Understand and complete all work in accordance with DOE, Commerce and other relevant energy program policies, standards, and requirements.
8. Pass a criminal background check. Service Providers must conduct background checks according to their own internal written policy on all crews and contractors, using, at a minimum, the Minnesota Bureau of Criminal Apprehension's Computerized Criminal History system.
9. Not be excluded from receiving federal funds. Service Providers must document that contractor debarment status has been verified using the System for Award Management (SAM).
10. Follow EPA's Lead Renovation, Repair and Painting Program (RRP) if performing projects that disturb lead paint, which includes:
 - a. To be trained in Lead Safe Weatherization (LSW)
 - b. To be certified by the EPA as a Lead Firm
 - c. To be accompanied by an EPA Certified Renovator.
11. Treat clients with respect and dignity.

7.6 Minimum Contract Requirements

POLICY: Contract administration systems are developed at the Service Provider level. The local system should be designed to meet local needs and conditions and should not be lengthy or complicated.

The minimum contract requirements for WAP contractors are as follows:

1. There is written agreement with all contractors specifying the terms and conditions under which work will be performed, including consequences for non-compliance or underperformance.
2. Contractors confirm terms, conditions, and specifications of the agreement.
3. Contractors complete work that is in accordance with the policies in this manual.

Beginning in Program Year 2015, in compliance with DOE's Weatherization Program Notice (WPN) 15-4, Service Providers must provide contractors with technical requirements for field work including the Minnesota Weatherization SWS Field Guide. Contractors must confirm receipt of the requirements on their contract or an alternate signed document.

7.6.1. Retention Agreements

POLICY: Service Provider TTA funds may be used to train WAP contractors who attend training at the request of the Service Provider. Reasonable stipends may be included as part of the training expense. DOE requires, in their annual application instructions, that all such contractors must sign a retention agreement. The agreement should require that contractors will work in the program for a specific amount of time, to be determined by the Service Provider, and must align with the cost of the TTA provided.

7.7 Contractor Performance

POLICY: Service Providers, in compliance with 2 CFR 200.318, must maintain a contract administration system to ensure that contracts are only awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration should be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Contractor performance must be evaluated fairly and objectivity with results documented by the Service Provider.

7.8 Set Price Lists

POLICY: Once contractors have been procured through a formal and documented bidding and evaluation process, Service Providers may choose to establish set price lists for any or all measures performed for WAP. Procedures must be established on how and how often prices are reviewed and renegotiated to ensure market fairness and compliance with federal and state procurement standards. When set price lists are used and contractors are selected on a rotating basis, Service Providers must have a documented system in place to indicate how contractors are selected. Uneven distribution of jobs between contractors of the same trade must be justified and documented. Rotation procedures do not need to be documented in individual household files.

7.9 Procurement for Emergency Services

POLICY: In emergency no-heat or other life-threatening standalone events, Service Providers must have procurement procedures in place that ensure fair contractor competition while allowing for prompt services when a household is in imminent danger. Procurement for emergency services may deviate from normal policy, so long as the procedures are reasonable and are documented by the Service Provider. If temporary heat can be provided or conditions allow, normal procurement procedures should be followed.

Service Providers may choose to have shorter contractor bid deadlines when bidding standalone events versus audit events.

Specific Requirements for Property Purchased with WAP Funds

7.10 Property Standards

POLICY: All Service Providers must comply with the following standards for the management of equipment and vehicles purchased with WAP funds:

1. Provide adequate insurance coverage
2. Maintain a control system that ensures adequate safeguards to prevent loss, damage or theft
3. Implement adequate maintenance procedures to keep the equipment in good and safe operating condition
4. Inventory and document the equipment at least once every two years to verify the existence, current use and continued need
5. Keep accurate equipment records that include the following, in compliance with 2 CFR 200.313:
 - a. Description of the equipment
 - b. Manufacturer's serial number, VIN number or other identification
 - c. Funding source(s) of the equipment, including the award number
 - d. Who holds title
 - e. Acquisition date and cost
 - f. Percentage of federal participation (if other non-federal funds are used towards the purchase price)
 - g. Location, use and condition of the equipment
 - h. Disposition data to include the date of disposal and the sale or trade-in price
6. Treat program income received in compliance with policy 6.11.

7.11 Vehicle and Equipment Purchases (\$5,000 or Higher)

POLICY: In compliance with DOE's WPN 13-7, vehicle and equipment purchases exceeding \$5,000 per unit must be approved by Commerce and DOE.

The following information must be submitted to Commerce for review:

1. Completed purchase request form (available on the Commerce website);
2. Copy of bid specifications and/or request for proposal (RFP);
3. List of contractors/vendors who received the solicitation;
4. Copies of any other solicitation documents such as newspaper ads, including the date and name of the publication;
5. Copies of all bids submitted by contractors/vendors; and a
6. Bid analysis indicating at a minimum, each bidder, their bid price, a determination whether each proposal met the bid specification and a statement that the lowest responsive bid was selected or a sufficient justification of the "best value selection" if the lowest bid is not recommended for DOE approval.

Once the item has been received, submit an updated purchase request form with the bottom section filled out. Include a copy of the invoice and copy of the delivery receipt, if applicable.

If an existing vehicle or piece of equipment was purchased with DOE funds and will be traded in as part of the purchase transaction, follow the disposition instructions in the next section.

7.12 Disposal of Property Acquired with WAP Funds

POLICY: All property acquired with DOE funds must be disposed of in compliance with DOE's WPN 13-4 and Commerce policy. The term property includes vehicles, technical equipment, office equipment, supplies, and weatherization materials.

Policy varies depending on the purchase price and current fair market value. Fair market means the best estimate of gross proceeds if the property is sold in a public sale.

7.12.1 Property purchased for and currently valued under \$5,000

DOE and Commerce approval is not required for property purchased for and currently valued under less than \$5,000. Proceeds from the disposal must be returned to the Program line of the Service Provider's budget, and used to provide further weatherization services to eligible households.

7.12.2 Property purchased for \$5,000 or more and currently valued under \$5,000

DOE has no interest in equipment acquired with federal funds with a current per-unit fair market value less than \$5,000.

Service Providers must submit a disposition request to Commerce using the form provided on the Commerce website. Once approval is obtained, equipment may be sold and the proceeds must be returned to the Program line of the Service Provider's budget, and used to provide further weatherization services to eligible household.

7.12.3 Property valued at \$5,000 or higher

The following items must be completed when a Service Provider no longer has a use for property and decides to sell, is trading in the property as part of a purchase transaction, or chooses to "buy-out" DOE's share of the property:

1. Completed disposition form (available on the Commerce website);
2. Federal disposition form SF-428;
3. Federal disposition form SF-428-C;
4. Federal disposition form SF-428-S (only if funds will be returned to DOE); and
5. At least two credible estimates of fair market value.

Commerce will review the disposition documents and send to DOE for their review and approval. Service Providers may not dispose of the property until they have received final approval.

Unless property is traded in as part of a purchase transaction, proceeds must be returned to Commerce, who will return the funds to the U.S. Treasury.

Section 8: Service Provider Monitoring & Compliance

8.1 Service Provider Monitoring

The Department of Commerce (Commerce) will conduct annual comprehensive monitoring of all Service Providers, as required by the DOE and the EAPWX State Plans (see Appendix A). Monitoring includes inspection of a minimum of 5% of units weatherized statewide with DOE and EAPWX funding each program year. For each grant cycle, Service Providers receive at least one administrative monitoring visit. In addition, Commerce conducts regular desk monitoring of Service Provider production and spending statuses using reports and data available in eHeat and Weatherization Assistant (WA). Additional monitoring or technical assistance visits are scheduled as needed.

The purpose of monitoring is to document local Service Provider performance, ensure compliance with all applicable policy and regulation, ensure program quality and effectiveness, identify areas where improvement is needed, and identify training/technical assistance needed to achieve performance improvements. Monitoring also serves to recognize program successes and best practices of Service Providers.

Monitoring visits include, but are not limited to:

1. Program/agency overview
2. Service Provider review
3. Inventory and maintenance of vehicles, equipment and materials
4. Household file review
5. Distribution of services between renters and owners to ensure equal access
6. Distribution between counties within the Service Provider territory
7. Feedback and reporting
8. Internal controls related to financial management and operations
9. Fiscal audits
10. Payroll/personnel
11. Procurement
12. Outreach efforts to hire minority, woman-owned and disadvantaged businesses
13. Sub-awards/monitoring of contracts
14. Invoicing
15. Record retention
16. Staff qualifications and training
17. How monitoring results are handled and required follow-up procedures
18. Contractor/crew qualifications
19. Review of eHeat and WA reports
20. Administrative field work (client file review, work order, audit reporting)
21. Energy audits
22. Training & technical assistance activities and needs
23. Weatherization of units
24. Health & safety (issues will be noted during inspection, particularly if they present an imminent danger to occupants)

25. Final inspections and verification that all inspections are performed by a Quality Control Inspector (QCI)
26. Lead-safe work practices and Quality Assurance
27. Compliance with Standard Work Specifications (SWS)
28. How monitoring results are handled and required follow-up procedures
29. Review of WA reports if any issues require correction or follow-up

8.1.1 Service Provider Monitoring Requirements:

POLICY: Service Providers must ensure the following before, during or after a monitoring visit:

1. Electronic client files must be submitted to the appropriate field monitor by the date specified, in advance of the visit.
2. Arrangements for field visits must be made with households in advance of the visits; expectations for visits must be provided to the household.
3. Unrestricted access must be given for any books, records, electronic and/or paper client files, or other documents pertinent to the monitoring review and WAP contract.
4. Reasonable access must be made to Service Provider staff for interviews or questions.
5. Monitoring reports must be responded to by the date specified. Responses must include steps the Service Provider is taking to address issues raised in the report (letter and/or issues log) and must include timeframes for resolution, if applicable.

8.2 High Risk Subgrantee Designation

POLICY: Commerce is responsible for ensuring all WAP Service Providers have the internal controls and administrative capacity to effectively deliver WAP, resolve issues of non-compliance, and meet all legislative and regulatory program requirements. Program monitoring and follow-up activities determine Service Providers' level of compliance.

Commerce may deem a Service Provider "high-risk" if the agency:

1. Has a history of unsatisfactory performance,
2. Is not financially stable,
3. Has financial or program management systems that do not meet federal requirements,
4. Lacks the organizational capability to carry out its responsibilities,
5. Has not conformed to terms and conditions of current or previous WAP contracts, and/or
6. Is otherwise not responsible.

8.3 Corrective Action Plan

POLICY: In response to Service Provider non-compliance, Commerce may, at its discretion, 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:

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

8.4 Non-Compliance Sanctions

POLICY: 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
- Temporarily withhold cash payments to the Service Provider, pending correction of deficiencies or until stated performance benchmarks are reached
- Disallow costs for non-compliant activities and/or expenses
- Wholly or partly suspend or terminate the current contract
- Withhold further contracts with the Service Provider
- Other actions as needed

8.5 Contract Termination

POLICY: Commerce may immediately terminate a Service Provider's WAP contract, with or without cause, upon 30 days written notice, in accordance with the terms set forth in the grant contract. 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.

