

Virginia Weatherization Assistance Program

Operations Manual

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CHAPTER 1 – Eligibility

CLIENT ELIGIBILITY

Client eligibility requirements for the Weatherization Assistance Program (WAP) and the Low-Income Home Energy Assistance Program Weatherization Component (LIHEAP) are established by federal regulations issued by the U.S. Department of Energy and U.S. Department of Health and Human Services and by policy determined by the Virginia Department of Housing and Community Development (DHCD). Weatherization services may be received by any applicant who meets the income eligibility requirement established below:

- (1) Whose income is at or below 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget,
- (2) Which contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable State or local law at any time during the 12-month period preceding the determination of eligibility for weatherization assistance; or
- (3) If the State elects, is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981, provided that such basis is at least 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.

Virginia's Weatherization Assistance Program, defines Household Income as the total income by household size at or below 200 percent Federal Poverty Level (FPL) or 60 percent of State Median Income (SMI), whichever is greater.

Income eligibility is based on the combined income of all household occupants over the age of 18 at the time of application. (Exceptions and further definitions of income are available in WPN-17-3 (<https://www.energy.gov/sites/prod/files/2017/04/f34/wpn-17-3.pdf>). Subgrantees must re-certify income if more than 12 months have elapsed from the date of initial certification if work on the unit has not been initiated. If the client's income status has changed during the 12-month time period the client's eligibility status must be revised.

If income eligibility is determined by the LIHEAP, then eligibility documentation can be a copy of the LIHEAP eligibility document.

Self-Certification: After all avenues of documenting income eligibility are exhausted, self-certification is allowable, but evidence of the various attempts at proving eligibility must be contained in the client file, including a notarized statement signed by the potential applicant indicating that he/she has no other proof of income.

The client shall be identified as the resident (occupant) of a housing unit and may be either the property owner (ownership verified) or a tenant of the property owner. When the client is a tenant, the property owner must authorize in writing all weatherization work prior to the receipt of services (including property inspection and audit). The property owner must also agree that no rental increase may occur for two (2) years unless the increase is not related to weatherization services performed, as noted in 10 CFR 440.22(b)(3)(ii).

No client, or potential client, may be refused service or discriminated against due to ethnicity, age, familial status, gender, sexual orientation, religion, or disability. Discriminatory practices may result in the suspension and/or termination of the program contract.

INELIGIBLE CLIENTS AND APPLICATION DENIAL

Applicants who meet the income requirements may be ineligible for assistance based upon a range of additional factors including, but not limited to, the following:

1. A household member has health conditions that prohibit the installation of insulation or other necessary weatherization materials;
2. A household member is uncooperative, threatening, or abusive to the crew, subcontractors, inspectors, auditors, etc.;
3. Illegal activities are occurring in the house or on the premises.

Non-U.S. citizens are subject to the Immigrant Eligibility Restrictions Under Current Law in the U.S. Department of Health and Human Services guidelines located at:

<http://aspe.hhs.gov/hsp/immigration/restrictions-sum.shtml>

Non-citizens who fail to meet one or more of these criteria are not eligible to receive weatherization services.

Notice of Denial

Applicants denied services for any reason must receive clear written notification that their application for assistance has been denied and the reasons for their denial. The notice of denial must be properly documented within the agency records. Agencies must have a written client appeals procedure that is clearly stated in the denial notice.

PRIORITIZATION

Eligible clients receiving assistance are prioritized through DHCD's electronic database which establishes priority based on federal regulation.

All weatherization programs (DOE and LIHEAP) include priorities 1-5. Priorities 6-7 apply to projects funded by LIHEAP only. Regular DOE funds cannot be combined with LIHEAP on these jobs as these two additional prioritizations do not apply to DOE funds.

Priorities include households with 1) elderly persons; 2) person(s) with disabilities; 3) families with child(ren); 4) high energy use; 5) high energy burden; 6) households with no heat; and 7) cases that are time-sensitive and leverage other funds.

CLIENT INTAKE

Sub-grantees must ensure that they conduct and maintain a client intake process that is well planned, consistently administered, and updated regularly to include annual changes in established income ceilings, program disclaimers, and timely and important revisions to the implementation guidelines.

An application for weatherization assistance must be signed by the applicant verifying accuracy of applicant information. The property owner must provide a signature authorizing weatherization work for a property. If the applicant is the owner, only one signature is required.

Client eligibility is determined based upon information provided by the client during their intake process. The process may include:

1. an application
2. an interview
3. eligibility determination
4. verification of reported income (Hard copy or electronic copies of documents required)

An application shall include:

1. name of the applicant
2. physical address, mailing address, and directions to the to the property to be assisted;
3. name and mailing address of the property owner, if different from the occupant.
4. telephone number, cell phone number, work telephone number, e-mail address (if applicable), or some other reliable means of communication and contact for the occupant;
5. telephone number, cell phone number, work telephone number, or e-mail address (if applicable), or some other reliable means of communication and contact for the property owner;
6. names and ages of all occupants of the property to be assisted;
7. income of all occupants 18-years of age and older
8. age and condition of the of the property;
9. documentation of ownership
10. landlord agreement, if applicable
11. signatures authorizing verification of income, authorization to disclose their information within the agency or with related agencies to complete their eligibility review.

DEFINITION OF INCOME

A. **INCOME:** Income means Cash Receipts earned and/or received by the applicant before taxes during applicable tax year(s) but not the Income Exclusions listed below in Section

C. Gross Income is to be used, not Net Income.

B. CASH RECEIPTS: Cash Receipts include the following:

1. Money, wages and salaries before any deductions;
2. Net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);
3. Regular payments from social security, railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, training stipends, alimony, and military family allotments;
4. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments;
5. Dividends and/or interest;
6. Net rental income and net royalties;
7. Periodic receipts from estates or trusts; and
8. Net gambling or lottery winnings.

C. INCOME EXCLUSIONS: The following Cash Receipts are not considered sources of Income for the purposes of determining applicant eligibility:

1. Capital gains;
2. Any assets drawn down as withdrawals from a bank;
3. Money received from the sale of a property, house, or car;
4. One-time payments from a welfare agency to a family or person who is in temporary financial difficulty;
5. Tax refunds;
6. Gifts, loans, or lump-sum inheritances;
7. College scholarships;
8. One-time insurance payments, or compensation for injury;
9. Non-cash benefits, such as the employer-paid or union-paid portion of health insurance;
10. Employee fringe benefits, food or housing received in lieu of wages;
11. The value of food and fuel produced and consumed on farms;
12. The imputed value of rent from owner-occupied non-farm or farm housing;
13. Depreciation for farm or business assets;
14. Federal non-cash benefit programs such as Medicare, Medicaid, Food Stamps, school lunches, and housing assistance;
15. Combat zone pay to the military;
16. Child support, as defined below in Section E;
17. Reverse mortgages; and
18. Payments for care of Foster Children.

D. PROOF OF ELIGIBILITY: Grantees and Subgrantees are reminded that proof of income eligibility should be included in the client file.

1. Availability of Supporting Documentation: For purposes of review and audit, each client file must contain an application from the client that contains the required demographics and income for the entire family living in the residence. The file must also contain evidence provided by the Subgrantee that the client is eligible to receive

WAP services. This evidence may include, but is not limited to, a memorandum from a third party certification office stipulating the income levels of the family or source documentation for each income source listed on the application. These documents can be stored electronically or retained in hard copy for each client.

2. Eligibility Determined by Outside Agency/Program: If income eligibility is determined by an outside agency or program, i.e. LIHEAP, any document used to determine eligibility will suffice as evidence of client eligibility. This document and any related documents must be retained in the client file.

3. Self-Certification: After all other avenues of documenting income eligibility are exhausted, self-certification is allowable. However, evidence of the various attempts at proving eligibility must be contained in the client file, including a notarized statement signed by the potential applicant indicating that he has no other proof of income.

E. CHILD SUPPORT: Child Support payments, whether received by the Payee or paid by the Payor, are not considered Sources of Income to be added to the payee income or deducted from the Payor income for the purposes of determining applicant eligibility.

1. Payee: Where an applicant receives Child Support from any state program or individual during an applicable tax year, such assistance is not considered income for the purposes of determining eligibility (i.e., where an applicant receives Child Support, he or she does not add that amount to his or her calculation of income for purposes of determining eligibility).

2. Payor: Where an applicant pays Child Support through a state program and/or to an individual, such assistance is not considered a deduction to Income for the purposes of determining eligibility (i.e., where an applicant pays Child Support, he or she may not deduct said assistance from his or her calculation of Income for the purposes of determining eligibility).

F. ANNUALIZATION OF INCOME: Where an applicant receives income for a part of the applicable tax year, their partial income may be annualized to determine eligibility. Example: Applicant A received income during January, February, and March. The method of annualizing income to determine eligibility could be multiplied by four to determine the amount of income received during the year. The method of calculating annualized income is to be determined by the Grantee and must be applied uniformly by all Subgrantees.

G. RE-CERTIFICATION: An applicant must be re-certified when eligibility lapses due to the length of time the applicant was waiting to receive Weatherization services. As a reminder, re-certification of eligibility must occur at least every 12 months. The Grantee must outline the method of determining re-certification in their Annual Plan for approval by DOE.

H. INCOME LIMITS

It is the responsibility of the sub-grantees to obtain the updates from the LIHEAP Clearinghouse website. DHCD will make every effort to send a notice out annually with the most recent income limits. Each sub-grantee is responsible for maintaining and utilizing the updated release of the LIHEAP Clearinghouse effective October 1st of each year. Virginia's Weatherization Assistance Program, defines Household Income as the total income by household size at or below 200 percent Federal Poverty Level (FPL) or 60 percent of State Median Income (SMI), whichever is greater. Current income limits are posted on DHCD website's weatherization page.

PROPERTY ELIGIBILITY

An eligible property is one that has not received weatherization assistance after September 30, 1994 and is occupied by an income eligible household.

Eligible property types may be single family, multifamily, or manufactured housing residences. These include both owner-occupied and rental units.

Shelters

A State may weatherize shelters. For the purpose of determining how many dwelling units exist in a shelter, a grantee may count each 800 square feet of the shelter as a dwelling unit or it may count each floor of the shelter as a dwelling unit.

Re-weatherization

Any dwelling weatherized after September 30, 1994, or any subsequent date as established in 10 CFR 440 subpart §440.18 as amended, is not eligible for weatherization. Subgrantees must report any units weatherized that were previously weatherized on or before September 30, 1994 as 're-weatherized' homes on their monthly report.

INELIGIBLE PROPERTIES

Properties occupied by ineligible households are not eligible for weatherization.

Properties that may be ineligible for weatherization include, but are not limited to:

1. the building structure is not safe or structurally sound;
2. the sewage system has failed and requires correction prior to installation of weatherization measures;
3. other sanitary factors are present that prohibit the timely and efficient installation of weatherization measures;
4. completion of weatherization work would endanger the client or providers;
5. the property (house) has been condemned or slated for demolition
6. the presence of actionable levels of lead-based paint that cannot be mitigated by lead-safe weatherization; and

7. the presence of severe moisture problems that cause mold that cannot be corrected by installation of weatherization measures.
8. property is planned for relocation or sale
9. planned property rehabilitation that will degrade installed weatherization measures
10. if the job costs would cause the agency to exceed the maximum average job cost or to exceed maximums established in local policy.

New Construction

Under no circumstances shall weatherization funds be used on newly constructed units.

CHAPTER 2 – Subgrantees

SUBGRANTEE TERMS OF SERVICE

DHCD annually receives funds to administer the Department of Energy Weatherization Assistance Program (WAP) and the Department of Health and Human Services Low-Income Home Energy Assistance Program Weatherization Component (LIHEAP) and is the program grantee. DHCD may subgrant to non-profit organizations and/or local governments to provide weatherization services to the homes of income eligible households within defined geographic service areas (locality or localities). These entities are the program Subgrantees.

Subgrantees will be selected to provide weatherization services based on an application process announced periodically by DHCD. Successful Subgrantees will receive grant agreements which carry a term of 1 year and must meet the criteria in the application, which may include, among others:

- Possession of all State-required licenses for work being conducted (for example contractor license, RBEA license);
- Experience in performance and application of weatherization activities or housing renovation;
- Capacity, agency or subcontracted (personnel and equipment) to weatherize homes and provide timely and effective services;
- Proof of status as a Community Action Agency, non-profit or public entity;
- No unresolved financial audit findings as determined by DHCD in the WAP or by other funding agencies;
- Disclosure of any material, current or pending litigation, administrative proceedings or investigations that could impact the reputation or financial viability of the firm;
- Applicant must be in “good standing” as of the date application submittal. In order to be in good standing, Applicant must not have a “suspended,” “debarred” or HUD’s Limited Denial of Participation status conferred upon it by DHCD and/or other funding sources.

Subgrantees may not contract the services of licensed contractors or sub-contractors whose business or corporate license has expired; that are debarred, suspended, or proposed for debarment; or whose license, business, or corporation has had a civil judgment rendered against them within the last three years for the following:

- a. commission of fraud;
- b. violation of federal or state anti-trust statutes;
- c. embezzlement, theft, forgery, bribery;
- d. falsification of records or making false statements;
- e. receiving stolen property;
- f. charges or charges pending for any of the prior listed offenses;
- g. a public contract terminated for cause or default

Grant Agreement

The grant agreement specifies the Subgrantee's duties and responsibilities, is a binding agreement between the Subgrantee and DHCD, and is enforceable under the laws of the United States and the Commonwealth of Virginia. Its parts may be clarified by memorandums and other correspondence; however, the basic provisions cannot be changed except by an amendment executed by legal representatives of both parties.

Personnel

Subgrantees may maintain direct hire work crews (employees) or may hire sub-contractors to complete all or part of the grant activities.

DHCD requires that all Subgrantees adhere to all federal, state and local laws, rules and regulations regarding any hiring and retention of personnel. Legislated benefits accrued by the provider's employees are to be appropriately and legally administered. Failure of the Subgrantee to comply with these requirements may result in the suspension and possible termination of the WAP agreement. All program personnel are bound by the Codes of Conduct as stated in the Virginia Administrative Code.

DHCD must be notified within seven (7) business days of employee staffing changes, if and when the positions of the agency head, the CFO, the WAP financial person, the program manager, the database manager and any of the inspectors or auditors are altered.

Service Area

The WAP is administered statewide. All Virginia jurisdictions are eligible for service. Each Virginia locality is eligible for funding based on low-income population census data.

Funding Cycle

The DOE (Department of Energy) WAP has a 12-month funding cycle and operates according to the fiscal cycle of the Commonwealth of Virginia (July 1 – June 30). The LIHEAP Weatherization Component has a 12-month funding cycle and operates according to the federal fiscal year (October 1 – September 30).

Based on State Plan approval by DOE, Subgrantees will receive their contracts by July 1. LIHEAP contracts are released by October 1 based on award of funds from the U.S. Department of Health and Human Services to the Virginia Department of Social Services (DSS) and subsequent award from DSS to DHCD.

Code of Conduct

Sections 2.2-3103 through Sections 2.23-3115 of the Virginia Code outline the code of conduct that must be upheld by the grantee (DHCD) and by incorporation into this document requires the Subgrantees to adhere to these codes.

SUBGRANTEE SUSPENSION & TERMINATION

DHCD may terminate a Subgrantee for failure to comply with the terms and conditions of their WAP contract if DHCD determines that the termination would be in the best interest of the Program. Reasons for termination may include, but are not limited to, work performance that fails to substantially conform to the requirements of the contract documents; refusal to proceed with the work; disregard for laws, rules, ordinances, or regulations of the public authority having jurisdiction; misuse of dedicated account funds; failure to pay vendors; failure to notify DHCD of fraud or the allegation of fraud, embezzlement, misappropriation or abuse of funds; disregard for competitive bidding; and conflict of interest as defined in the WAP agreement. Termination is undertaken in accordance with 10 CFR Part 440.15.

If a DHCD representative uncovers significant problem areas with the work or actions of a Subgrantee, the DHCD representative must document such problem areas and provide a report to the DHCD Program Manager, and the Associate Director of Housing. If the problems can be resolved immediately at the local level, the DHCD representative will transmit a copy of the report to the Subgrantee Weatherization Director and Executive Director. There will be no further action if the problems are corrected within the timeframe established by DHCD or if a corrective plan acceptable to DHCD is submitted and implemented.

When the problems are of such a nature or magnitude that they cannot be resolved immediately at the local level or they are not resolved within the timeframe established by DHCD, the DHCD Program Administrator will prepare a memorandum with the following information:

A presentation of all relevant facts including any history relevant to the problem;

A summary of the issue;

A list of possible positions that DHCD may take on the issue;

The implications of the various above-mentioned positions; and

A recommendation to the DHCD Program Manager on actions to be taken;

Copies of all correspondence and relevant documentation will be provided with this memorandum and submitted to the DHCD Program Manager and the Associate Director of Housing. The DHCD Program Administrator will review the position paper with DHCD Program Manager and the Associate Director of Housing and recommend that the Deputy Director of the Housing Division issue a "Subgrantee Warning Notice" to the Subgrantee Board Chairperson, Weatherization Director and Executive Director. The Subgrantee Warning Notice will cite specific section(s) of the WAP

contract where compliance is in question, with a requirement that the Subgrantee provide a written plan within 15 calendar days for curing any alleged non-compliance.

If no response is received within 15 calendar days, the plan for resolving the alleged non-compliance is unacceptable to DHCD, or if subsequently the plan is not followed, a “Notice of Default and Intention to Terminate” the contract may be transmitted to the Subgrantee Board Chairperson, Weatherization Director, and Executive Director. Failure by the Subgrantee to respond to the Notice of Default and Intention to Terminate within 15 calendar days will result in the issuance of a “Notice of Termination” of the WAP contract.

After the Notice of Termination of the contract is issued, a public hearing will be scheduled with required notice to identify a new Subgrantee to provide service to the affected area in accordance with 10 CFR Part 440.14(a).

Subgrantee Appeals

When a Subgrantee disputes a decision or has exhausted efforts to resolve an outstanding issue with DHCD, the Subgrantee may appeal for an administrative review. The opportunity for such administrative review is offered at the sole discretion of DHCD, and is not available as a matter of right, or as a substitute for the customary program decision-making process.

The purposes of the administrative review process are to: (a) assist the parties involved in a dispute to present their respective positions; (b) ensure that all disputed decisions are examined; and, (c) provide the basis for an administrative determination and resulting actions by DHCD.

To request an administrative review, a Subgrantee must submit a written request for an administrative review to: Associate Director of Housing, Virginia Department of Housing and Community Development, Main Street Centre, 600 East Main Street, Suite 300, Richmond, VA 23219. The application for an administrative review must include the following:

- brief statement of the matters asserted;
- brief description of each subject dispute;
- reference to any particular statutes, laws, or rules involved; and,
- brief description of the remedy sought.

Upon receipt of the request, the Associate Director of Housing will request review by an Associate Director of the Community Development or Administration Divisions. The reviewer will conduct an impartial examination of the record and will issue a report on the findings of the record. This report will be non-binding; however, it will contain a recommended decision and will be forwarded to the Deputy Director of the Housing Division. Upon review of the report, the Deputy Director of Housing will issue a final decision within 30 days from the date the review administrator’s report is received.

Chapter 3 – Weatherization

WEATHERIZATION

Weatherization is the installation of materials or measures that are intended to reduce the cost of energy for low-income families while improving the health and safety of their homes. Measures will be installed in accordance with **DOE WPN 15-4**, the **VA WAP Quality Work Plan** requirements, the **VA-aligned SWS Field Guide** and the current **State Plan**.

The Virginia Weatherization Assistance Program approaches the unit as a whole, using advanced diagnostic tools and techniques to determine the measures that will deliver optimum efficiency for the most reasonable cost. In Virginia, the program weatherizes the following dwellings:

- Single family units, buildings with 2-4 units, and rowhouses
- Manufactured homes
- Small multifamily buildings (3 stories or less, 5-24 units, with units that are individually heated/cooled)
- Large multifamily buildings (4 stories or more, 25+ units, where buildings are centrally heated/cooled)
- Homeless and Domestic Violence Shelters

Weatherization work may consist of the following:

1. HVAC inspections, repair, and replacement
2. Air sealing
3. Duct repair, sealing, and insulation
4. Wall insulation
5. Attic insulation
6. Floor insulation
7. Manufactured home belly board repair and insulation
8. Manufactured home roof cavity insulation
9. Water heater tank and pipe insulation
10. Compact fluorescent/LED lighting
11. Water flow reducers
12. Refrigerator replacements for efficiency

SUBGRANTEE AND CONTRACTOR EXPECTATIONS

Subgrantee and contractor staff must behave in a professional manner at all times, as they function as WAP representatives.

Subgrantee and contractor staff must use all required Protective Personal Equipment (PPE) and comply with Federal, State or Local codes or Program Policies; including, but not limited to OSHA and EPA guidelines.

Prohibited Activities

- Drinking, using illegal drugs, or the inappropriate use of prescription drugs while on the job or in interactions with the client.
- Harassment, including but not limited to, physical, verbal or sexual.
- Engaging in any discussion of work, or the performance of work, with the client either at no-cost or at-cost of the client outside of the scope of work with the client.
- Violence against self, other staff, or the client.
- Presence of weapons or firearms at the job site.
- All other illegal and/or unprofessional activities not specified above.

SAVINGS TO INVESTMENT RATIO (SIR):

Each weatherization material and package of weatherization materials installed in an eligible dwelling unit must be proven cost-effective in order to qualify for DOE funding.

The Subgrantee must ensure that weatherization funding is spent on energy efficiency measures which will result in a Savings to Investment Ratio (SIR) of one to one (1:1) or more. This ratio is the number that results from dividing the energy cost savings of a measure over its expected lifetime, by the total cost of the materials and the installation of the measure. Each Energy Conservation Measure (ECM) shall have a $SIR \geq 1$. The cumulative list of measures for the entire job shall also have an SIR of ≥ 1 .

The Subgrantee shall follow the HEAT-generated list of measures, starting with the highest SIR, and continue to install measures until they have reached the ACPU threshold. Subgrantees are encouraged to install as many ≥ 1 SIR measures as possible when conducting weatherization efforts, but the obligation to maintain reasonable job costs still exists for each Subgrantee.

Subgrantees may not stop at a measure simply because they do not want to perform it or do not know how to install the measure.

If measures with an $SIR \geq 1$ are removed from the measure list due to cost, the HEAT audit must be re-run to ensure the remaining measures will still meet the SIR threshold of ≥ 1 . Audits showing the revised scope of work shall be maintained in the client's file.

Information on cost engineering for measures can be found in DHCD Information Notice 17-7.

ENERGY AUDIT

It is the responsibility of the Subgrantee, under contract with the State, to install the most cost-effective weatherization measures in a unit based on a detailed analysis of the unit's needs attained through a quality Energy Audit, using approved software. A calculation to determine the measure's SIR will be used to justify the installation of measures.

- All single family homes will be audited using Hancock's Home Energy Auditing Tool (HEAT).
- Manufactured Housing will be modeled with Hancock's Home Energy Auditing Tool (HEAT)
- Multifamily units with 2-4 units will be modeled with Hancock's Home Energy Auditing Tool (HEAT)
- Small multifamily buildings (3 stories or less, 5-24 units, with units that are individually heated/cooled) and large multifamily buildings (4 stories or more, 25+ units, where buildings are centrally heated/cooled) will be considered on a case-by-case basis and approval must be granted by a DOE Project Officer.

The use of a Priority List has been discontinued by the VA Weatherization Assistance Program.

WORKMANSHIP

Weatherization work, whether conducted by the agency's own crews or by subcontracted personnel, must meet the standards of workmanship established by the program. Standard work practices are detailed in the **VA-aligned SWS Field Guide and VA WAP Quality Work Plan** as the primary source for protocols and technical definitions of the work that is required. Program standards and protocols in the Field Guides must be adhered to and may only be altered by subsequent revisions of the guide, or by Virginia DHCD Information Notices.

Workmanship standards include the following four basic requirements:

- use of qualified and trained personnel to conduct weatherization work;
- use of generally accepted weatherization protocols, methods, techniques and tools;
- installation of prescribed materials, parts and equipment; and
- weatherization work conducted in a safe and healthy work environment

The Subgrantee **must contractually require** its contractors to comply with these standards as well as detailed regulations listed above. Jobs and job sites shall be monitored to ensure that agency crews and contractors abide by these general workmanship standards.

More information on training and job roles can be found in DHCD Information Notice 01-2016 and in Chapter 9 of the Operations Manual.

FUEL SWITCHING

DOE does not permit the general practice of fuel switching. However, DOE will review fuel switching requests on a case-by-case basis. Considerations must include cost justification through modeling and include all ancillary materials/measures needed to complete the fuel switch. Such requests must be sent to DHCD for initial review. The request will then be forwarded to DOE for a final decision.

UNIT FUNDING AND COUNT

Subgrantees may weatherize homes with either DOE funds or LIHEAP funds. Subgrantees may combine both DOE and LIHEAP funds to weatherize a home that would otherwise be too expensive to weatherize from one source of funding. When funds are combined, the unit must be counted for each funding source.

Average Costs

Except as adjusted by DOE and /or DHCD, the expenditure of funds for labor, weatherization materials, and related matters shall not exceed the ACPU established at the beginning of each program year.

DOE stipulates that the program must maintain an average cost (not a maximum or minimum) per unit. It is understood that some units will cost more than others to weatherize. However, the ACPU cannot exceed the current active guideline. Each agency is expected to maintain this average cost on a month to month basis.

JOB COMPLETION POLICY

In order to eliminate unnecessary delays in completing work and reporting completed units, DHCD is enforcing the following guidelines. Once an agency has audited a client's home, the agency has 180 days to complete the job. This includes the following:

- Installation of weatherization measures
- Inspection of the work and identification of any failures
- Correction of failures
- Re-inspection of the job
- Reporting the completed job in the database and a submitted invoice

If a job is not completed within 180 days of the audit, a repeat audit must be performed unless there are extenuating circumstances where DHCD has issued written approval to use the initial audit.

The timeframes will be reviewed by the technical field monitor(s). The Hancock database will indicate the date of the audit and the completion date. Failure to complete jobs in accordance with policy will result in corrective action.

If an agency cannot meet the above timeline for a specific job, they must notify DHCD in writing. DHCD will review each written notification on a case-by-case basis.

QUALITY CONTROL INSPECTION

A final inspection must be completed on each dwelling prior to submittal to the state for payment. It is a crucial part of the weatherization process as it provides the Subgrantee with the ability to correct installation errors and call for measures that may have been missed.

Once the weatherization work is reported by the crew/ contractor as complete, the Subgrantee will arrange for a Final Inspection.

One hundred percent (100%) of the weatherized units must pass the Final Inspection.

Each completed job must be inspected post-WX by a certified Quality Control Inspector. The final inspection may not be completed by any individual who directly worked as part of the installation crew.

If a Subgrantee chooses to use the same worker to conduct the initial Energy Audit *and* Quality Control Inspection, 10% of DOE jobs will be monitored by the Grantee.

If a Subgrantee chooses to use *separate* workers to conduct the initial Energy Audit and Quality Control Inspection, 5% of DOE jobs will be monitored by the Grantee.

Failure to utilize a certified Quality Control Inspector on the final inspection of each weatherized unit will result in non-payment of that particular dwelling.

Corrective Action for Inadequate Inspections

1st offense – Warning and Corrective Action

The first time a QCI is determined by the Virginia Weatherization Program Technical Inspector to have passed work not in compliance, the QCI (with copy to the agency ED) will be issued both a verbal and written warning. Steps will be identified to prevent the mistake from happening again. Action will be taken to correct the measure at the agency's cost.

2nd offense – Additional Training and Field Mentor Shadow on Live Job (after training)

The second time the QCI is found to have passed work not in compliance; the QCI will need to receive additional QCI training from a qualified trainer per the State Training Center. This will

include, but is not limited to, a complete day of in- field training on how to properly QCI jobs. The QCI must perform a proper QCI, documented by written verification by the trainer. The Agency will be required to coordinate and pay for cost of training. Training Center must be notified to schedule training within 30 days of 2nd offense notification.

3rd offense – Loss of QCI privilege in the network.

The third time a QCI is found to have passed work not in compliance; the QCI will forfeit their ability to QCI jobs in the Virginia WAP network. Suspended QCI's may work with DHCD on a case by case base for re-entry to perform QCI's in the Virginia WAP network.

WEATHERIZATION PRACTICES AND RESOURCES

VA-aligned SWS Field Guide

The VA-aligned SWS Field Guide is the primary reference tool for how to weatherize homes. All subgrantee work crews and subcontractors are required to know and adhere to the work practices and guidelines set forth in these documents. A copy of these standards is available on DHCD's website under "Program Resources:"

Materials

All materials used for weatherization services are required to meet the minimum materials standards as specified by **10 CFR 440 (Appendix A)**. Whenever possible, recycled materials must be used in conformance with **40 CFR 247-254**, and the **Resource Conservation and Recovery Act (RCRA), section 6002**.

Ineligible Activities

Only those activities specifically intended to provide energy efficiency improvements may be completed with program funds. Rehabilitation, lead abatement and/or interim controls, and mold remediation are specifically prohibited. WAP funds may not be expended to complete this type of work.

Client Refusal of Measures

As all weatherization measures interact in the overall plan for the unit, the client is not allowed to choose or refuse individual measures. In the instance that a client refuses any measure, an attempt must be made by the Subgrantee personnel to explain the need for the measures as well as the advantages to the client in the installation of the measure(s).

If a client still refuses a measure be conducted, the Subgrantee has the following options:

1. **Walk away.** The client's refusal to allow the installation of measures is a reason for a walk away, where no measures will be installed in the home/unit.
2. **Only install measures with an SIR higher than the measure being declined.** For example: A measure (SIR of 1.5) is being declined. Any measure with an SIR of 1.5 or *less* will not be installed. The best way to avoid this situation is to have these types of conversations with the homeowner prior to beginning weatherization work. Also,

installing measures in order of cost-effectiveness decreases the likelihood of installing a measure with a lower SIR prior to the client's refusal.

MISCELLANEOUS POLICIES AND RULES

Disaster Relief

Use of DOE WAP Funds to address disaster related hazards

Allowable expenditures under WAP include:

- 1) The cost of incidental repairs to an eligible dwelling unit if such repairs are necessary to make the installation of weatherization materials effective and,
- 2) The cost of eliminating health and safety hazards, elimination of which is necessary before the installation of weatherization materials (10 CFR 440.18(d)(9); 10 CFR 440.18(d)(15)). To the extent that the services are in support of eligible weatherization (or permissible re-weatherization) work, such expenditure would be allowable.

For example, debris removal at a dwelling unit so that the unit can be weatherized would be an allowable cost. Debris removal from a dwelling unit that is not to be weatherized would not be an allowable cost. Please note that the ACPU per dwelling unit limit continues to apply.

In addition, the regulations require that a Grantee's Weatherization Plan identify and describe the average amount of DOE funds to be used for incidental repairs (10 CFR 440.14(c)(6)(viii)). The grantee must also develop, publish, and implement procedures to ensure that Subgrantees limit expenditure of funds for installation of materials (other than weatherization materials) to abate energy-related health and safety hazards to a list of types of such hazards, permissible abatement measures and their costs necessary (10 CFR 440.16(h)). As such, Grantees should ensure that the limits on the use of WAP funds to address disaster related hazards are included in the approved Grantee Plan.

Weatherization personnel can be paid from DOE funds to perform functions related to protecting the DOE investment. Such activities include: securing weatherization materials, tools, equipment, weatherization vehicles, or protection of local agency weatherization files, records and the like during the initial phase of the disaster response. Using DOE funds to pay for weatherization personnel to perform relief work in the community as a result of a disaster is not allowable. Local agencies may use weatherization vehicles and/or equipment to help assist in disaster relief provided the WAP is reimbursed according to the Federal Regulations contained in 2 CFR 200.

Reprioritization of weatherization requests coming from the disaster area

WAP rules require that priority be given to identifying and providing weatherization assistance to elderly persons, persons with disabilities, families with children, high residential energy users, and households with high energy burdens (10 CFR 440.16(b)). However, it would be permissible

to consider in households located in the disaster area, as a priority as long as the households are eligible and meet one of the priorities established in regulation and are free and clear of any insurance claim or other form of compensation resulting from damage incurred from the disaster.

“No Fault” Weatherization Re-work

As of December 15, 2010, guidelines regarding the disallowance of call-back/add-on work after a unit were established as follows. WPN 11-03 states:

- Once a home is reported to DOE as complete, the required final inspection indicates that all applicable work performed was done so in a workmanlike manner, including all work that may have been contracted out such as furnace work, etc. Performing activities such as routine maintenance, repairs, or warranty-type work is not permitted using DOE funds for work beyond those costs already invoiced. Grantees and Subgrantees may use other funds that are not included as a part of their DOE WAP budget plans to pay for the costs associated with these activities.
- The only method to address “call-backs” where DOE funds must be used to pay for the additional work is to have these previously completed units taken out of the DOE reporting system and subtract the associated costs from the DOE funds category.

PLEASE NOTE: The Virginia Weatherization Assistance Program (WAP) does not allow for ANY call-back, add-on or rework under ANY circumstances with ANY funding source with the following EXCEPTION:

- Subgrantees may utilize LIHEAP funds for no fault re-work on a case-by-case basis after receiving DHCD’s prior written approval. This re-work is limited to labor costs associated with warranty work where the failure of the installed measure is no fault of the agency. For example, if a water heater is installed and fails after four months, an agency may use LIHEAP funds to pay labor costs associated with replacement of the warranted unit.
- Permission requests for such re-work may be submitted to DHCD. The request should be submitted prior to undertaking the work and should indicate the property address, a description of the re-work and justification for the work to be done and the anticipated labor costs.

Chapter 4 – Health and Safety

HEALTH AND SAFETY FUNDAMENTALS

Health and Safety is referenced in the CFR 440 rule and WPN 17-7.

Health and Safety repairs can only occur when weatherization measures are being installed.

Corrections of identified hazards must be charged to the Health and Safety budget category.

Energy-related health and safety actions are those actions necessary to maintain the physical well-being of both the occupants and/or weatherization workers where:

- Costs are reasonable; **AND**
- The actions must be taken to effectively perform weatherization work; **OR**
- The actions are necessary as a result of weatherization work.

A Health and Safety inspection must be completed as part of the Energy Audit. These inspections include, but are not limited to, the following:

- Air Conditioning and Heating Systems
- Asbestos Containing Materials (ACM)
- Biologicals and Unsanitary conditions
- Building Structure and its ability to accept WAP measures
- Code compliance
- Combustion gases
- Electrical safety
- Formaldehyde, VOCs, flammable liquids, and air pollutants
- Fuel leaks
- Gas ovens, stovetops, and ranges
- Hazardous materials
- Lead-based paint
- Mold and moisture
- Pests
- Smoke and Carbon Monoxide alarms and fire extinguishers
- Occupant concerns and conditions
- Ventilation and Indoor Air Quality
- Window and door replacement

Clients must be informed in writing of hazards that are identified during the audit and installation. The document must be signed by the client.

Health and Safety funds may not be used for the following:

- Replacement of appliances unless explicitly listed in this chapter
- Asbestos abatement
- Lead abatement
- Major mold and moisture remediation
- Bacteria and virus remediation
- Building rehabilitation
- Correction of preexisting code compliance issues (State and local codes must be followed while performing weatherization work)
- Window and door replacement

Beyond the Scope of Weatherization

Health and Safety measures should not exceed reasonable costs. Discretion must be given when considering the level of these measures. All discrepancies must be documented thoroughly in the client file.

DEFERRALS

Deferral may be necessary in the following situations:

- The client has known health conditions that prohibit the installation of weatherization materials.
- The building structure or components 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 installers if weatherization work is performed.
- The house has been condemned.
- Moisture problems are beyond the scope of this guidance.
- The client is uncooperative, abusive or threatening.
- Any condition which may endanger the weatherization workers and is beyond the scope of this guidance.

The Subgrantee is required to develop a deferral policy. The client must be notified in writing regarding the deferral. The deferral policy should include reason(s) for deferral; specifics on how clients are notified of deferral; appeal procedure; and a template for tracking deferral..

The Subgrantee is also required to develop a referral policy based on the resources available in their service area. The client must be notified in writing regarding the referral. This document must include the reason for referral and contact information of the agency receiving the referral. This information should be tracked alongside deferrals.

ALLOWABLE COSTS

Fifteen percent (15%) of all Subgrantee WAP contract funds are reserved specifically for H&S activities. There is also an average per unit expenditure limit of 15% of the average cost per unit. Subgrantees may request reimbursement for H&S activities directly from this line item. Unused H&S funds may be converted to the Program Operations (support) budget category. Expenditures for H&S related activities listed on the H & S line item are not calculated into the average cost per unit for completed projects.

SAFETY

Crew/Contractor Safety

Workers must follow OSHA standards and Material Safety Data Sheets (MSDS) and take precautions to ensure the health and safety of themselves and other workers. MSDS must be posted wherever workers may be exposed to hazardous materials. OSHA 10 hour (or equivalent) training is required for all workers.

OSHA 30 (or equivalent) is required for crew leaders. This will be verified during the annual technical monitoring visits and/or during desk monitoring. Training records will be verified annually during technical monitoring and quarterly, via updates from Energy Solutions Training Center.

Workers must be trained in proper use of equipment and tools and must maintain any necessary or required licenses and/or certifications. Subgrantees are required to ensure that all workers are trained and that their training is documented in personnel files. Training costs may be reimbursed through the T/TA budget line item. Detailed information on training requirements is found in DHCD Information Notice 01-2016 and in Chapter 9 of the Operations Manual.

Client Education and Safety

Clients must be educated on any potential dangers existing in their home. Some common client education topics include:

- Combustion—if a heating system is present that requires combustion air, the client must be educated on the importance of keeping combustion air vents free and uncovered. Clients must also be informed if there are unsafe conditions that are discovered during the combustion appliance testing and be instructed not to operate it until it is repaired or replaced. If the conditions cannot be corrected by Weatherization or Health and Safety funds, the house must be deferred.
- Smoke and Carbon Monoxide Detectors—clients should be shown how to test and replace the batteries.
- Unvented Space Heaters—unvented space heaters should be removed whenever possible and never utilized as a primary source of heat. Clients should be educated on the dangers of fuel-fired unvented space heaters.

- Lead—the EPA’s lead pamphlet should be given to each client living in houses built prior to 1978.
- Asbestos—materials testing positive or assumed to contain asbestos should be identified and revealed to the client. Further instruction must be given on how to avoid disturbing such material, especially when it is friable.
- Moisture and mold—clients should be instructed on how to remove excess moisture from the dwelling (e.g., exhaust fans when taking showers or cooking).

Energy Auditor/Estimator/Inspectors are required to assess client households to determine if the clients are able to withstand the conditions that may be generated during the weatherization process prior to implementing weatherization measures. Clients must be informed regarding what conditions to expect and provided the option to leave the home during weatherization.

Hazards identified during weatherization must be documented and the client must sign that they received this documentation. This documentation must be maintained in the client file.

Existing Client Health Problems—Subgrantees are required to ask clients if there are existing health problems that may impact the services that can be provided and evaluate the potential to aggravate pre-existing health conditions. These problems will be documented and care will be taken to avoid exacerbating the problem.

Hazard Communication Plan (HCP)

Virginia complies with OSHA's Hazard Communication Standards by requiring all crew members that work on client homes to take mandatory OSHA training courses. Crew members are required to learn the appropriate handling and safe use of hazardous chemicals in the workplace and in the homes of the Weatherization client. Training is provided to inform workers on how to read product labels for hazardous chemicals and the use of safety data sheets.

Pollution Occurrence Insurance (POI)

Pollution Occurrence Insurance is not required; however, DOE strongly recommends Pollution Occurrence Insurance (POI) as a part of, or an addendum to, general liability insurance. These costs are also charged on the liability insurance line item. If Subgrantees choose **NOT** to obtain POI coverage and damage occurs because of not following all aspects of Lead Safe Weatherization, or there is disturbance to any other environmental pollutants, the cost to do remediation, clean up, relocation, medical expenses, or any other resulting costs may not be charged to DOE Weatherization and must be covered by another funding mechanism.

Virginia Lead-Safe Weatherization (LSW) Practices

VA WAP Lead Safe Work Requirements

LSW training is required for all weatherization workers and is available online and also provided through Energy Solutions Training Center. Training will be verified annually through technical monitoring visits and periodic reviews of Subgrantee's workforce.

Subgrantees and their contractors must follow EPA's Renovation, Repair and Painting Rule (RRP) and be certified by EPA and use certified renovators who are trained by EPA-approved training providers to follow lead-safe work practices.

Summary

All federal, state and local rules, regulations, and guidelines are applicable to Subgrantees and Subgrantee contractors. This includes health and safety rules and regulations as mandated by the federal Occupational Safety and Health Administration (OSHA) as well as by the Virginia Department of Labor and Industry (DOLI) and the Virginia Occupational Safety and Health (VOSH).

Health and safety practices apply to motor vehicle operation in addition to actual weatherization activities. Unauthorized drivers or untrained equipment operators can imperil a contractor's licensing. Lack of licensing will cause the revocation of provider or grantee status in the Virginia Weatherization Assistance Program.

Tools and equipment should be properly used, maintained, and stored. Diagnostic equipment should be calibrated according to manufacturer's specifications. Vehicles should receive regular care and maintenance. Proper documentation regarding warranties, routine maintenance records, repairs, etc. is a critical aspect of acceptable safety practices.

Work must be done in such a manner as to protect workers and clients as much as possible.

Case-by-Case considerations

When considering a case-by-case basis, DHCD will examine the following:

- Individual measure cost
- Overall job cost
- Client health/circumstance
- Structural integrity of dwelling

LIST OF HEALTH AND SAFETY CATEGORIES

Upon failed Health & Safety inspection, Subgrantees may use WAP H&S funds for the following work:

AIR CONDITIONING SYSTEMS

Air conditioning system replacement or repair is allowable in homes of at-risk occupants when inoperable/nonexistent.

At-risk occupants are defined as:

- elderly (60 years or older)
- children (under the age of 6)
- occupants with medically-documented health conditions that warrant the need for conditioned air

Action/Allowability

When a space conditioning system does not qualify as an ECM, the following conditions must be met before the unit can be replaced or repaired with Health and Safety funds:

- “Red tagged,” inoperable, or nonexistent primary heating system may be replaced, repaired, or installed where climate conditions warrant, consistent with this guidance.
- Primary air conditioning system replacement, repair, or installation is allowed only in homes where current occupants meet Grantee’s definition of “at-risk” AND climate conditions warrant. “System” can mean a central unit or several individually operating units; however, when a central unit is in place, it shall be considered the primary unit, and all other units are to be considered secondary.
- Use proper sizing protocols (Manual J, State Approved sizing protocols, NEAT/MHEA outputs, etc.) based on post-weatherization housing characteristics, including installed mechanical ventilation, when installing or replacing a heating or cooling appliance.
- Unsafe primary units must be repaired, replaced and removed, or rendered inoperable, or deferral is required.
- Replacement or installation of secondary units is not allowed.
- Unsafe secondary units, including space heaters, must be repaired, removed or rendered inoperable, or deferral is required.
- See Hazardous Materials Disposal section for more information.

Testing

- Make sure primary systems are present, operable, and performing correctly.
- Check DOE-approved audit to determine if the system can be installed as an energy conservation measure (ECM) prior to replacement as an H&S measure.
- Determine and document presence of “at-risk” current occupants when installing air-conditioning as a Health and Safety (H&S) measure.
- On combustion equipment, inspect chimney and flue and test for Combustion Appliance Zone (CAZ) depressurization.
For solid fuel appliances look for visual evidence of soot on the walls, mantel or ceiling or creosote staining near the flue pipe.

Client Education

- When deferral is necessary, provide information to the client, in writing, describing conditions that must be met in order for weatherization to commence. A copy of this notification must also be placed in the client file.
- Discuss appropriate use and maintenance of units.
- Provide all paperwork and manuals for any installed equipment.
- Discuss and provide information on proper disposal of bulk fuel tanks when not removed as part of the weatherization work.
- Where combustion equipment is present, provide safety information including how to recognize depressurization.

Training

- WAP H&S policy training on allowable activities.
- Licensing and/or certification for HVAC installers as required by authority having jurisdiction (AHJ).
- CAZ depressurization test and inspection training.

ASBESTOS: SIDING, WALLS, CEILINGS, ETC.

Action/Allowability

Take all reasonable and necessary precautions to prevent asbestos contamination in the home.

Friable – Asbestos containing material (ACM) that can be crumbled, pulverized, or reduced to a powder by the pressure from an ordinary human hand.

When a friable ACM is present, Blower Door testing in depressurization mode is **not** allowed. Only pressurized testing may occur, if the situation allows.

- The existence of asbestos siding that is in good condition does not prevent installing dense-pack insulation from the exterior.
- Siding may be removed and reinstalled in order to perform the ECM, and the associated costs may be charged as part of the ECM.
- General abatement of asbestos siding or replacement with new siding is not an allowable H&S cost.

Testing

- Visually inspect exterior and subsurface, floors, walls, and ceilings for suspected ACM prior to drilling or cutting.
- Asbestos Hazard Emergency Response Act of 1986 (AHERA) sample collection and testing must be conducted by a certified tester.

Client Education

- Inform the client in writing that suspected ACMs are present and what precautions will be taken to ensure the occupants and workers safety during weatherization.
- Formally notify the client in writing of results if testing was performed.

ASBESTOS: VERMICULITE

Action/Allowability

- When vermiculite is present, assume it contains asbestos unless testing determines otherwise.
- If vermiculite is suspected, Blower Door testing is only allowed in *pressurization* mode.
- Use proper respiratory protection while in areas containing vermiculite.
- Encapsulation by an appropriately trained asbestos control professional is allowed.
- Removal is *not allowed*.
- When deferral is necessary due to asbestos, occupants must provide documentation that a certified professional performed the remediation before work continues.

Testing

- AHERA sample collection and testing must be conducted by a certified tester.
- Baseline environmental asbestos sampling is allowed.

Client Education

- Instruct clients in writing to not disturb suspected ACM.
- Provide asbestos safety information to the client.
- Formally notify client in writing of results if testing was performed.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- Training on how to recognize vermiculite.
- AHERA or state certification to conduct testing.
- AHERA or other appropriate asbestos control professional certification/training for encapsulation.

ASBESTOS: PIPES, FURNACES, AND OTHER SMALL COVERED SURFACES

Action/Allowability

- Assume asbestos is present in suspect materials.
- When suspected friable ACM is present, take precautionary measures as if it is asbestos unless testing determines otherwise.
- If ACM is suspected, Blower Door testing is only allowed in *pressurization* mode
- Encapsulation by an appropriately trained asbestos control professional is allowed and should be conducted prior to Blower Door testing if the materials are friable.
- Removal is allowed by an appropriately trained professional (AHERA) on a case-by-case basis.
- Only costs directly associated with the testing, encapsulation, or removal may be charged to the H&S budget category.
- When deferral is necessary due to asbestos, occupant must provide documentation that a certified professional performed the remediation before work continues.

Testing

- Assess whether suspected ACMs are present.
- AHERA sample collection and testing is allowed and must be conducted by a certified tester.

Client Education

- Instruct clients in writing not to disturb suspected ACM.
- Provide asbestos safety information.
- Formally notify client in writing of results if testing was performed.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- How to recognize suspected ACM.
- AHERA or other appropriate asbestos control professional certification/training is required to abate the ACM.

BIOLOGICALS AND UNSANITARY CONDITIONS

Action/Allowability

- Remediation of conditions that may lead to or promote biological concerns and unsanitary conditions is allowed.
- Addressing bacteria and viruses is not an allowable cost.
- Deferral may be necessary in cases where conditions in the home pose a health risk to occupants and or weatherization workers.

Testing

- Sensory inspection

Client Education

- Inform client in writing of observed conditions
- Provide information on how to maintain sanitary conditions
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- How to recognize unsafe conditions and when to defer
- Safe work practices when encountering such conditions

BUILDING STRUCTURE AND ROOFING

Action/Allowability

- Building rehabilitation that is beyond the scope of Weatherization Assistance Program
- Homes that require more than minor repairs must be deferred. Minor is defined as small repairs that do not require a permit (<100 sq ft) and are only allowed as an incidental measure to protect installed weatherization measures.

Testing

- Visual Inspection
- Ensure that access to the portions of the home where weatherization will occur are safe for entry and performance of assessments, work, and inspections.

Client Education

- Notify client in writing of structurally compromised areas.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- How to identify structural and roofing issues.

CODE COMPLIANCE

Action/Allowability

- Correction of preexisting code compliance issues is not an allowable cost unless triggered by weatherization measures being installed in a specific room or area of the home.

- When correction of preexisting code compliance issues is triggered and paid for with WAP funds, cite specific code requirements with reference to the weatherization measure(s) that triggered the code compliance issue in the client file.
- Follow State and local or AHJ codes while installing weatherization measures, including H&S measures.
- Condemned properties and properties where “red-tagged” H&S conditions exist that cannot be corrected under this guidance must be deferred.

Testing

- Visual inspection

Client Education

- Inform client in writing of observed code compliance issue when it results in a deferral.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- How to determine what code compliance may be required.
- Knowledge of state and local codes.

COMBUSTION GASES

Action/Allowability

- Proper venting to the outside for combustion appliances, including gas dryers and refrigerators, furnaces, vented space heaters, and water heaters is required.
- Correct venting when testing indicates a problem.
- If unsafe conditions whose remediation is necessary to perform weatherization cannot be remedied by repair or tuning, replacement is an allowable H&S measure unless prevented by any guidance herein.
- Maintain documentation in justifying the replacement with a cost comparison between replacement and repair in the client file.
- Replacement units must meet safety guidelines as determined in the Grantee plan or technical field guide.
- See Air-Conditioning and Heating Systems section and Attachment A for more information.

Testing

- Combustion safety testing is required when combustion appliances are present.

- Test naturally drafting appliances for spillage and CO during CAZ depressurization testing pre and post-weatherization and before leaving the home on **any** day when work has been done that could affect draft (e.g., tightening the home, adding exhaust, etc.)
- Inspect venting of combustion appliances and confirm adequate clearances.
- Check DOE-approved audit to determine if the appliance can be justified as an ECM prior to replacement as an H&S measure.

Client Education

- Provide client with combustion safety hazards information.

Training

- How to perform appropriate testing, determine when a building is excessively depressurized, and the difference between air free and as-measured CO.
- CO action levels.

ELECTRICAL

Action/Allowability

- When the H&S of the occupant/worker(s) is at risk, minor repairs are allowed when necessary for weatherization measures. Because costs for electrical repairs can vary widely, Subgrantees have the ability to control costs per job as long as the Average Cost per Unit remains under the state average.
- Evaluate and if necessary provide sufficient over-current protection and damming (if required) prior to insulating building components containing knob and tube wiring, as required by the AHJ.

Testing

- Visual inspection for presence and condition of knob and tube wiring.
- Check for alterations that may create an electrical hazard.
- Voltage drop and voltage detection testing are allowed.

Client Education

- When electrical issues are the cause of a deferral, provide information to client on over-current protection, overloading circuits, and basic electrical safety/risks.

Training

- How to identify electrical hazards.
- Local (or AHJ) code compliance.

FORMALDEHYDE, VOLATILE ORGANIC COMPOUNDS (VOCs), FLAMMABLE LIQUIDS, AND OTHER AIR POLLUTANTS

Action/Allowability

- Removal of pollutants is allowed and is required if they pose a risk to workers.
- If pollutants pose a risk to workers and removal cannot be performed or is not allowed by the client, the unit must be deferred.

Testing

- Sensory inspection

Client Education

- Inform the client in writing of observed hazardous condition and associated risks.
- Provide client written materials on safety issues and proper disposal of household pollutants.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- How to recognize potential hazards and when removal is necessary.

FUEL LEAKS

Action/Allowability

- When a minor gas leak is found on the utility side of service, the utility service must be contacted and work temporarily halted until the leak is repaired.
- Fuel leaks that are the responsibility of the client (vs. the utility) must be repaired before weatherizing a unit.

Testing

- Test exposed gas lines for fuel leaks from utility coupling info, and throughout, the home.
- Conduct sensory inspection on bulk fuels to determine if leaks exist.

Client Education

- Inform clients in writing if fuel leaks are detected.

Training

- Fuel leak testing

GAS OVENS/STOVETOPS/RANGES

Action/Allowability

- When testing indicates a problem, entities may perform standards maintenance on or repair gas cooktops and ovens.
- Replacement is allowed when the post cleaning CO exceeds 1000 ppm air-free.

Testing

- Test gas ovens for CO.
- Inspect cooking burners and ovens for operability and flame quality.

Client Education

- Inform clients of the importance of using exhaust ventilation when cooking and the importance of keeping burners clean to limit the production of CO.

Training

- Testing techniques
- CO action levels

HAZARDOUS MATERIALS DISPOSAL: Refrigerant, Asbestos, Lead, Mercury, including CFLs and Fluorescents

Action/Allowability

- Hazardous Waste Materials generated in the course of weatherization work shall be disposed of according to all local laws, regulations, and/or Federal guidelines, as applicable.
- Document proper disposal requirements in contract language with responsible party.
- Refer to Lead and Asbestos sections for more information on those topics.

Testing

- No Applicable
- Refer to Lead and Asbestos sections for more information on those topics.

Client Education

- Inform the client in writing of hazards associated with hazardous waste materials being generated/handled in the home.

Training

- Appropriate Personal Protective Equipment (PPE) for working with hazardous waste materials.
- Disposal requirements and locations.
- Health and environmental risks related to hazardous materials.

INJURY PREVENTION OF OCCUPANTS AND WEATHERIZATION WORKERS: Repairing Stairs, Replacing Handrails, Etc.

Action/Allowability

- These repairs are not an allowable cost in the Virginia WAP.

Testing

- Inspect for dangers that would prevent weatherization.

Client Education

- If conditions will not be repaired, inform the client in writing of observed hazards and associated risks.

Training

- Hazard Identification

LEAD BASED PAINT

Action/Allowability

- All workers in job roles defined by VA WAP Information Notice 01-16 are required to obtain Lead Safe Weatherization certification.
- Crews must follow EPA's Lead; Renovation, Repair and Painting Program (RRP) when working in pre-1978 housing unless testing confirms the work area to be lead free.
- Deferral is required when the extent and condition of lead-based paint in the house would potentially create further H&S hazards.
- Only those costs directly associated with the testing and lead safe practices for surfaces directly disturbed during the weatherization activities are allowable.
- Documentation in the client file must include Certified Renovator certification; any training provided on-site; description of specific actions taken; lead testing and assessment documentation; and, photos of site and containment set up. Include the location of photos referenced if not in the file.

Testing

- Testing to determine the presence of lead in paint that will be distributed by WAP measure installation is allowed with EPA-approved testing methods.
- Testing methods must be economically feasible and justified.
- Job site set up and cleaning verification by a Certified Renovator is required.
- Grantees must verify that crews are using lead safe work practices during monitoring.

Client Education

- Follow pre-renovation education provisions for RRP.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- All workers in job roles defined by VA WAP Information Notice 01-16 are required to obtain Lead Safe Weatherization certification.
- All employees and contractors working on pre-1978 homes must receive training to install measures in a lead-safe manner in accordance with the SWS and EPA protocols, and installation must be overseen by an EPA Certified Renovator.
- Grantee Monitors and Inspectors must be Certified Renovators.

MOLD & MOISTURE

Action/Allowability

- Minor water damage repairs that can be addressed by weatherization workers are allowed when necessary in order to weatherize the home and to ensure the long-term stability and durability of the installed measures.
- Source control (i.e. correction of moisture and mold creating conditions) is allowed when necessary in order to weatherize the home and ensure the long-term stability and durability of the measures. Source control is independent of latent damage and related repairs.
- Where severe mold and moisture issues cannot be addressed, deferral is required.
- Mold cleanup is not an allowable H&S cost.
- Surface preparation where weatherization measures are being installed (e.g., cleaning mold off window trim in order to apply caulk) must be charged as part of the ECM, not to the H&S budget category.

Testing

- Visual assessment including exterior drainage.
- Diagnostics such as moisture meters are recommended pre-weatherization and at the final inspection.
- Mold testing is not an allowable cost.

Client Education

- Provide client written notification and disclaimer on mold and moisture awareness.
- Provide information on importance of cleaning and maintaining drainage systems.
- Provide information on proper landscape design and how this impacts site drainage and moisture control.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- National curriculum on mold and moisture or equivalent.
- How to recognize drainage issues.

OCCUPANT PRE-EXISTING OR POTENTIAL HEALTH CONCERNS

Action/Allowability

- When a person's health may be at risk and/or WAP work activities could constitute an H&S hazard, the occupant will be required to take appropriate action based on severity of risk.
- Failure or the inability to take appropriate actions must result in a deferral.

Testing

- Screen occupants to reveal known or suspected health concerns either as part of the initial application for weatherization, during the audit, or both.

Client Education

- Inform the client in writing of any known risks
- Provide client with Subgrantee point of contact information in writing so client can inform of any issues.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- How to assess occupant preexisting conditions and determine what action to take if the home is not deferred.
- Awareness of potential hazards.

PESTS

Action/Allowability

- Pest removal is allowed only where infestation would prevent weatherization.
- Infestation of pests may be the cause for deferral where it cannot be reasonably removed or poses H&S concern for workers.
- Screening of windows and points of access, and incorporating pest exclusion into air sealing practices to prevent intrusion is allowed.

Testing

- Assessment of presence and degree of infestation and risk to the worker(s).

Client Education

- Inform the client in writing of observed condition and associated risks.
- When deferral is necessary, provide information in writing describing conditions that must be met in order for weatherization to commence.

Training

- How to assess presence and degree of infestation, associated risks, and deferral policy.

RADON

Action/Allowability

- Radon mitigation is not an allowable H&S cost.
- Whenever site conditions permit, cover exposed dirt floors within the pressure/thermal boundary with 6 mil (or greater) polyethylene sheeting, lapped at least 12" and sealed with appropriate sealant at all seams and penetrations.

Testing

- Virginia WAP does not allow radon testing.

Client Education

- Clients must be provided with the EPA's "A Citizen's Guide to Radon" and be informed of related risks.
- Clients must sign an informed consent form prior to receiving weatherization services. This form must be kept in the client file.
- The informed consent form must include:
 - A list of precautionary measures WAP will install based on the EPA Healthy Indoor Environment Protocols

- Confirmation that EPA's A Citizen's Guide to Radon was received and radon related risks discussed with the client.

Training

- Auditors, assessors and inspectors must have knowledge of radon, what it is and how it occurs including what factors may make radon worse and precautionary measures that may be helpful.
- Workers must be trained in proper vapor retarder installation.

SAFETY DEVICES: Smoke and Carbon Monoxide Alarms, Fire Extinguishers

Action/Allowability

- Smoke alarms may be installed where alarms are not present or are inoperable.
- CO alarms must be installed where alarms are not present or are not operable.
- Where solid fuel burning equipment is present, fire extinguishers may be provided as an allowable H&S measure.

Testing

- Check existing alarms for operation
- Verify operation of installed alarms.

Client Education

- Provide client with verbal and written information on use of devices installed.

Training

- Where to install alarms.
- Local code compliance.

VENTILATION AND INDOOR AIR QUALITY

Action/Allowability

- Install ventilation as required by ASHRAE 62.2 – 2016
- If the ASHRAE normative Appendix A is employed and an existing fan is being replaced or upgraded to meet the whole-house ventilation requirements, take actions to prevent zonal pressure differences greater than 3 Pascal's across the closed door, if one exists.
- In Climate Zone 1: Homes that are designed to have free movement of air between the indoors and outdoors where no effort is being made through weatherization to establish an air barrier are NOT required to meet the ventilation requirements outlined in ASHRAE 62.2, except in any room that may be enclosed

and contain a source of water or combustion. All other ASHRAE 62.2 requirements must be complied with in Climate Zone 1.

Testing

- ASHRAE 62.2 evaluation to determine required ventilation.
- Measure fan flow of existing fans and of installed equipment to verify performance.

Client Education

- Provide client with information on function, use, and maintenance (including location of service switch and cleaning instructions) of ventilation system and components.
- Provide client with equipment manuals for installed equipment.
- Include disclaimer that ASHRAE 62.2 does not account for high polluting sources or guarantee indoor air quality.

Training

- ASHRAE 62.2 training, including proper sizing, evaluation of existing and new systems.

WINDOW AND DOOR REPLACEMENT AND WINDOW GUARDS

Action/Allowability

- Replacement, repair, or installation is not an allowable H&S cost.

Testing

- N/A

Client Education

- Provide written information on lead risks whenever issues are identified.

Training

- Awareness of guidance

WORKER SAFETY

Action/Allowability

- Workers must follow OSHA standards where required and take precautions to ensure the H&S of themselves and other workers.
- All Subgrantees and contractors must maintain compliance with the current OSHA Hazard Communication Standard, including on-site organized Safety Data Sheets (formally called MSDS).

Testing

- Grantees must verify that Subgrantees, crews and contractors follow safe work practices.

Client Education

- N/A

Training

- Use and importance of PPE
- Safety training appropriate for job requirements, OSHA 10 hour training meets this requirement.
- Ongoing training as required in Hazard Communication Program.

Chapter 5 – Financial Management and Administration

Subgrantees must have the capacity to financially manage all grant funds. This includes the ability to fully track the receipt and disbursement of all grant funds, and the ability to implement and maintain standard, accurate, financial management practices that meet the definition of Generally Accepted Accounting Practices (GAAP), as well as 2 CFR 200.

GRANT AGREEMENT

Grant funds are made available to the Subgrantee through a grant agreement (binding agreement). Execution of the grant agreement signifies a commitment on the part of the subgrantee to ensure that all program requirements are properly implemented. The agreement may only be executed by an authorized representative of the Commonwealth of Virginia and the Chief Executive Officer of the Subgrantee organization. It specifies the terms and conditions of the agreement, such as the following:

- The total amount of funds available;
- The length or term of the grant agreement;
- The services to be rendered; and
- The name and title of any supporting documents or manuals which are incorporated and included into the grant agreement document by reference.

Grant agreements are for one year, and may be amended to increase, decrease, or re-allocate funding, or to extend the period of performance. Subgrantees who exhibit a lack of capacity or any failure to perform the agreement as specified may be subject to termination in accordance with administrative review requirements set forth in 10 CFR 440.30 and/or become ineligible for renewal.

Available Funds

The weatherization program is a federal, formula-based grant program. The amount of funds available for each Subgrantee is determined by a formula that represents a portion of the total amount of funding available to the Commonwealth. The formula utilizes low-income population census data.

FINANCIAL MANAGEMENT SYSTEM

Subgrantees must have and maintain an accurate and effective financial management system that can consistently safeguard the receipt and disbursement of weatherization funds. A WAP financial management system must include the following components or their equivalents:

- Budget
- Accounting
- Internal Control

- Cost Allocation Plan
- Property Management
- Procurement Policy
- Audit Schedules
- Recordkeeping
- Reporting

BUDGET CATEGORIES

Funds must be expended only for allowable activities. The program budget categories are:

- Program Operations
- Administrative
- Training and Technical Assistance
- Liability Insurance
- Financial Audits
- Health & Safety

Program Operations (Hard Costs)

Program Operations costs may include, but are not limited to, the following:

- Materials listed in Appendix A of 10 CFR 440.
- Materials purchased for incidental repairs as defined in 10 CFR 440.
- Materials purchased for health and safety improvements (*NOTE: While health and safety costs are allowable under the Program Operations category, DOE recommends Grantees include in the budget a separate health and safety category*).
- Transportation of weatherization materials, tools, equipment, and work crews to a storage site and to the site of weatherization work.
- Maintenance, operation, and insurance of vehicles used to transport weatherization materials.
- Maintenance of tools and equipment. Purchase or annual lease of tools, equipment, and vehicles. NOTE: All vehicle purchases shall receive prior DOE approval; any equipment \$5,000 or more shall also receive prior DOE approval. Neither Grantees nor Subgrantees may pre-pay leases that exceed the end of the grant period. The required fees related to building permits from local governments are allowable under this category.
- Employment of personnel directly related to the operation of the Program: This category is defined for general consistency purposes such as weatherization coordinators' salary and fringe benefits spent in actual supervision of labor, client intake, recordkeeping, etc.; Storage of weatherization materials, tools, equipment, and weatherization vehicles; Space rental; Utility costs at storage only, i.e., heat, lights, and water; Retrofitting storage facility.

- NOTE: Weatherization is a non-construction program therefore no construction of buildings or acquisition of real estate can be charged to this grant. Improvements to a property that are not in direct relation to carrying out Weatherization-specific tasks may not be considered allowable under this grant (e.g., paving a parking lot of the storage area is not considered allowable, however retrofitting a storage facility with appropriate shelving to accommodate supplies would be deemed allowable).
- Grantees should consult with their respective Project Officer and/or DOE Grants Management Specialist to clarify any areas of Grantee question or concern.
- Labor category expenditures are limited to those defined in 10 CFR 440.19.
- Payments to employ labor or engage contractors including
 - Payments to subcontractors;
 - Salaries and fringe benefits of crew members; and
 - Salaries and fringe benefits of crew leaders.

This category also includes auditors/assessors, quality control inspectors, field supervisors who are not installing materials, and warehouse personnel, such as inventory clerks, who are engaged in handling materials. T&TA funds are limited; therefore, Grantees and Subgrantees may charge the cost of training to the T&TA category and the employee's time for participation in the event under the labor category.

Administrative (soft costs)

Grantee Administration and Subgrantee Administration are considered to be unique to each organization. The organization shall define its administrative costs consistent with the generally-accepted accounting practices and procedures within the organization.

As stated in 10 CFR 440.18(e) “not more than 10 percent of any grant made to a State may be used by the grantee and Subgrantees for administrative purposes in carrying out duties under this part, except that not more than 5 percent may be used by the State for such purposes, and not less than 5 percent must be made available to Subgrantees by States. A State may provide in its annual plan for recipients of grants of less than \$350,000 to use up to an additional 5 percent of such grants for administration if the State has determined that such recipient requires such additional amount to implement effectively the administrative requirements established by DOE pursuant to this part.”

Indirect costs can be included in Grantee Administration and will be considered an allowable cost provided there is a federally approved indirect rate(s) or cost allocation plan. The rate/amount allowable does not invalidate the program budget category limits.

DOE has identified instances where certain administrative functions could be charged to the Program Operations Category because of the nature of the expense as it related to Program Operations (i.e., client intake, recordkeeping, salary/fringe of Program Managers and coordinators, telephone costs, etc.). DOE encourages Grantees to allow their Subgrantees to

use this flexibility where it is appropriate. The Grantee must establish uniform guidance to identify which funds may or may not be charged as Administrative Costs.

Administrative funds are tracked at the Grantee level to ensure that the network stays within the percentage approved within the State Plan.

Training and Technical Assistance (T/TA)

Reimbursement is available for costs to train weatherization staff to acquire, develop, or enhance the skills necessary to administer the program. Staff includes agency administrators who are responsible for the program administration or coordinators, program coordinators, financial staff, estimators, inspectors, crew leaders, and crew workers. T&TA funds may also be used for training costs of private contractors participating in the Program at the Subgrantee level when it is provided for in the contractual agreement between the Subgrantee and the private contractor and allowed in the Grantee's approved State Plan. Travel and lodging costs for subcontractors are not reimbursable.

Allowable expenditures:

- Costs incurred in the training and technical assistance for any Grantee or Subgrantee (including monitoring),
- Providing information concerning conservation practices to occupants of eligible dwelling units (client education),
- Evaluation of Program outcomes,
- Participation, travel, logistics of training activities and events,
- Grantee purchases of vehicles or equipment, which are directly related to specific training and technical assistance activities, such as monitoring, etc. T&TA funds shall not be used to purchase vehicles or equipment for Subgrantees to perform Weatherization services. The cost of these vehicles or equipment to support the Program must be charged to the vehicle/equipment or program operations categories.

Insurance

Reimbursement is available for costs related to liability, workers' compensation, vehicle, and Pollution Occurrence Insurance. Vehicle insurance may be treated as an Administrative or Program Operations cost depending on the manner in which the vehicle is used. Agencies must remain consistent in how this cost is addressed over the life of the program.

Liability Insurance

All Grantees and Subgrantees must be covered by liability insurance. Liability insurance refers to the general contractor, or other policies that provide protection in case of personal injury or property damage resulting from the weatherization services. Liability insurance can be charged to the liability line item in the budget, which was created to ensure that such costs would not have to be charged to the administrative cost category.

- Alternatively, the cost of liability insurance is part of the Average Cost Per Unit (ACPU) when the Grantee provides no allowance for the cost as a separate Budget Category in the Grantee State Plan. Liability insurance is also part of the ACPU when private contractors purchase policies as part of their service delivery requirements and pass that cost through to the material and labor rates charged to install energy efficiency measures. If the Grantee has a set-aside for Liability Insurance in their State Plan, the Subgrantees can purchase policies and not include the expense as part of their ACPU. This provision was established to cover general agency liability insurance and does not include any vehicle related insurance.
- Most, if not all, regular liability insurance policies do not provide for many health and safety measures such as lead and other pollution occurrence items. Thus, DOE recommends Pollution Occurrence Insurance (POI) as a part of, or an addendum to, general liability insurance. These costs are also charged on the liability insurance line item. If Grantees or Subgrantees choose NOT to obtain POI coverage and damage occurs or there is disturbance to any other environmental pollutants, the cost of remediation, clean up, relocation, medical expenses, or any other resulting costs may not be charged to DOE Weatherization and must be covered by another funding source.

Financial Audits

Program financial audits are required by 10 CFR 440.23(d) and 2 CFR 200.501 and are allowable as either an Administrative expense or as a separate Budget Category in the State Plan. In the past, the cost of these audits was charged to the already over-burdened administrative cost category and sometimes resulted in less than adequate, quality financial audits. Grantees are encouraged to provide relief through the creation of a Financial Audit Budget Category, thus allowing these charges to be covered when Subgrantees meet the threshold contained in 2 CFR 200. If weatherization is one of several programs within an agency being audited, only the fair-share proportion of the overall financial audit costs should be charged to the DOE award.

Health & Safety

Reimbursement through DOE is available for costs incurred to correct hazardous conditions that must be done before a weatherization measure is completed, because it would threaten the health and safety of the occupants of the home. Health and Safety funds are not general repair funds. For example, repairing or replacing a combustion appliance because, sealing major air leaks would threaten the health and safety of the occupants.

Health and Safety funds are tracked at the Grantee level to ensure that the network stays within the percentage approved within the State Plan.

Budget Adjustment Request and Budget Increase Request form

This form must be submitted for any budget adjustments, increases, or decreases and addressed to the WAP personnel listed on the form. See attachment in Appendix for reference.

ACCOUNTING

Subgrantees must have a financial system that associates WAP revenues with WAP expenditures. There must be an independent accounting record that has separate assets, liability, revenue, expenditure, and a fund balance account for each grant.

All ledgers must be maintained in a manner that will facilitate the preparation of internal and external reports (at a minimum).

A WAP financial management system must include the following components or their equivalents:

- a. **Chart of Accounts** – a code system to identify all weatherization receipts and disbursements.
- b. **Books of Account** – where all purchasing and payment information is recorded
- c. **Fixed Asset Ledger** – the record of all assets that are necessary for the business to exist and are non-tradable
- d. **Administrative Policy and Procedures** – the written policy and process for running the business
- e. **Procurement Policy** – the standardized system for obtaining materials or services from an outside source
- f. **Source Documents** – contracts, purchase orders/requisitions, invoices, bank statements, cash receipts, deposit receipts, payroll records, time sheets, payment vouchers, cancelled checks, receiving reports, deposit receipts, leverage income or expense documentation, etc.

Provisions must be in place for the classification and presentation of the estimated and actual costs of a weatherization project (**Budget Controls**).

- Procedures for determining the allowance of costs in accordance with **10 CFR 440** and **2 CFR 200**
- Provisions to account for and document the source or expenditure of weatherization funds and any other program resources (Source Documentation)
- Provisions to provide for complete, accurate and up-to-date financial information regarding weatherization projects and expenditures. (This allows the provider to meet the reporting requirements of the WAP)

Provisions must be in place for the classification and presentation of actual costs of a weatherization job. Actual job costs must be documented and retained for financial reviews during compliance monitoring visits.

Controls for cash flow and resource expenditures must be in place to ensure service delivery prior to reimbursement. Grant money disbursements are sent as reimbursement to the providing agencies after the work is complete. Providers must budget their resources and cash accordingly.

Internal Controls

Subgrantees must ensure separation of responsibilities such that the responsibilities related to the receipt and disbursement of funds resides with separate individuals. The separation of these duties helps to safeguard the agencies' assets, promotes operational efficiency, and adheres to customary management policies and procedures.

The basic elements of an adequate internal financial control system will include, but are not limited to, a separation of accounting functions. These functions are:

- Receipt and posting of funds;
- Request or requisition of funds;
- Authorization or approval for disbursement or expenditure;
- Disbursement of funds.

COST ALLOCATION PLAN

The requirement to develop and maintain an updated written Cost Allocation Plan is based on 2 CFR 200.

The designated representative or Board of Directors of the organization must approve the cost allocation plan annually.

Costs incurred in connection with programs are eligible charges against contracts, whether incurred by the program itself or another program that provided supportive services, as long as the costs are necessary for the efficient performance of the contract.

The cost principles are the federal regulations which must be followed to ensure that federally assisted programs incur costs in a manner that enables each program to pay its fair share of costs recognized under these principles, except where restricted by law.

Depending on the specific requirements of each funding source, costs can be shared within the same funding source as well as between funding sources.

Salaries, office rent and travel expenses are some of the costs that may be allocable to multiple funding sources. Organizations are required to develop techniques that will provide measurable bases upon which costs may be linked to services and/or activities.

All costs allocated by the plan must be supported by formal accounting records that substantiate their propriety. The cost allocation plan links the accounting records and the reported expenses of the recipient organization.

Allocation of Costs:

Some of the methods of allocating costs, i.e., total direct costs, direct salaries, person-hours, square feet, hours usage, documents processed, number of clients served, etc.

- Identify each of the shared costs that should be allocated.
- Identify each of the shared costs that will be included as part of the indirect cost pool, if applicable.
- Determine the method by which costs will be allocated so that each program is paying for its proportionate share of the benefits derived from the costs.

The cost allocation plan should contain, but not necessarily be limited to, the following:

- The nature and extent of the activities provided and their relevance to the contract supported services.
- A list of the expense items to be charged to the contract.
- The methods to be used in distributing the costs.
- Identify the type and cost of each service to be allocated within the plan.
- Determine the method (unit) for allocating the costs of each service to user programs.
- Allocate costs mathematically to user programs (i.e., calculate proportionate shares of costs).

RECORD KEEPING

2 CFR 200.33310 CFR 440.24

All Subgrantees are expected to maintain documentation of all program implementation activities in a clear, consistent, and orderly manner. Records provide a historical representation of the thoroughness and appropriateness of service delivery and conformance to applicable rules and regulations.

Files and records must be retained for three years after the close of the DOE or LIHEAP grant to the State Grantee. The Local Administrator shall maintain such records in such a manner as will be prescribed. Records shall be readily accessible to DHCD, appropriate state and federal agencies, and the general public during the course of the grant and shall remain intact and accessible for three years thereafter. The exception is if any litigation claim or audit is started before the expiration of the three-year period, the records shall be retained until such action is resolved.

For property and equipment, the retention period starts upon disposition of the property/equipment.

Financial records, supporting documents, statistical records, client records, or any other pertinent information must be kept for three years. A record keeping system is more complete if these records can be easily cross-referenced or accessed. A cross-referencing process can be created by using date, job ID number, address of service delivery, invoice number, etc.

Note: Client records contain personal information about the client. This information must be protected. Client files must not contain social security numbers.

Records consist of two main types, administrative and client. Administrative records include all documents related to program implementation, including financial records that are not directly related to individual client names and client property addresses.

Administrative records and files are associated with the following general areas:

- Contracts, amendments
- Financial Management
- Procurement and Advertising
- Fair Housing
- Personnel/Sub-contractor Training and Certification
- Vehicle, Equipment, and Materials Inventories or ledgers.

Client Record Keeping

While each Subgrantee has its own client intake process and forms, all Subgrantees are expected to maintain the same basic client information. Since the database provides the best means to maintain large volumes of client records from many different program years for several years, the forms used to obtain the client information can and may vary from agency to agency. However, copies of the information used to obtain the information must be retained because these documents contain client signatures that indicate their authorization to collect their personal information and to perform construction work on their property.

The intake interview obtains information that qualifies or disqualifies a client for inclusion in the Weatherization Assistance Program. Specific demographical information about the client is required for reporting to DHCD and the federal government. This information must be maintained in the client records. This includes:

- Owner Name
- Occupant Name
- Vulnerability Determination (elderly, disabled, or children present);

- Number of residents in the household;
- Income
- Property Information

In addition to the client record information listed above, the following must be kept filed with each client record as well.

Each agency is required to maintain an individual client file for each job completed that must include the following color photos (digital memory card or printed):

- Before & After color photos of all weatherization measures completed to include incidental repairs and health and safety measures
- Before & After color photos of any re-work issues found during the final inspection and then corrected prior to submittal of the job as a completion

The color photos are to be kept in the client file and must be made available to DHCD upon request via email or mailing. Faxed or black and white photos are not acceptable.

Note: Providers must remember that **personal information is private information**. In addition to the requirement to maintain records all efforts must be made to ensure the privacy and dignity of the client.

Client records must include service delivery information. Service delivery information includes, but is not limited to, the following:

- Inspector/Estimator Report
- Work write-up or work description
- Crew/Sub-contractor identification
- Weatherization Measures Installed
- Audit Reports
- Job Completion Date
- Job Final Inspection Date
- Materials/and equipment installed
- Quality Control Inspection form

(Note: The job completion and final inspection dates are critical to determine matters related to re-weatherization). This documentation can also assist in protecting the providing agency from liability issues or claims of fraud.

Client records are reviewed as part of the technical monitoring, as well as the financial and administrative monitoring visits. These files are reviewed to ensure client eligibility and client acceptance of work and other items. The list of documents required by DHCD to be maintained in each weatherization client file can be located in Chapter 6.

Financial records

Financial records occur in two major categories—“Revenue” (income) and “Costs” (expenditures). Each major category can be broken down into smaller parts as follows:

Revenue

- Grant Funds
- Program Income earned through grant supported activities
- Rental fees
- Earned Interest
- Other earnings

Costs

- Separate Cost Categories
- Liability Insurance
 - Business Insurance
 - Vehicle Insurance
 - Pollution Occurrence Insurance
- Materials Purchased for Weatherization
- Capital Expenditures
 - Structural
 - Vehicle
 - High Value Machinery/Equipment
- Program Operations
 - On Site Wages and Benefits
 - Vehicle Operations (maintenance and fuel)
 - Materials Storage
 - Contracted Labor
 - Other
- Administration
 - Wages and Benefits
 - Operations
 - Other
- Financial Audit
- Leveraging Efforts
- Training and Technical Assistance

These categories are established to conform with reporting requirements to DOE and state granting agencies. They are designed to be helpful for the local administrators in tracking and monitoring income and expenditures. These cost categories are intended to provide a link between reporting requirements as established by DOE and allowable costs listed in 2 CFR 200.

References for general standards in handling program income can be found in **2 CFR 200.307**.

Costs

Costs are the actual money spent by the Subgrantee to fulfill the services required. Costs are either “Allowable” or “Not Allowed.” Allowable costs are the direct and indirect expenses that support the weatherization program and can be properly invoiced. Allowable Costs are defined in 2 CFR 200.403 and 10 CFR 440.18

Examples of Allowable Costs in the Virginia Weatherization Assistance program are attached at the end of this chapter.

AUDITS AND FINANCIAL STATEMENTS

All grantees, Subgrantees, CHDOs, sub-recipients, localities, developers, or any other organizations that receive funding during a program year and/or have projects in progress are required to submit financial statements to DHCD. Required statements are as followed: Financial Statement(s)**, Reviewed Financial Statement(s) prepared by an independent Certified Public Accountant (CPA), Financial Statement(s) that have been audited by an independent CPA or an audit required by the Code of Federal Regulations (CFR), (2 CFR 200 Subpart F), audited by an independent CPA. Please see the table below to determine which document your organization is required to submit.

The threshold requirements outlined below are the minimal standards required by DHCD. We strongly encourage all organizations receiving funds from DHCD to undertake the highest level of financial management review to ensure practices and procedures are fully examined and evaluated.

Threshold Requirement	Document
Total annual expenditures ≤\$100,000 (Regardless of source)	Financial Statement(s) prepared by organization**
Total annual expenditure between \$100,001 and \$300,000 (Regardless of source)	Reviewed Financial Statement(s) prepared by an Independent Certified Public Accountant (CPA)
Total annual expenditures > \$300,000 (Regardless of source)	Financial Statement(s) that have been audited by an Independent CPA
Federal expenditures ≥\$750,000	2 CFR 200 Subpart F Audit – Audited by an Independent CPA

** Does not require preparation by a CPA

Submission Requirements

Required financial statements must be submitted yearly, within nine (9) months after the end of your fiscal year or 30 (thirty) days after it has been accepted (reviewed financial statement, audited financial statements, and Single Audit only) - whichever comes first.

Entities must electronically submit their financial statement(s), reviewed financial statements, audited financial statements, or Single Audit in DHCD's Centralized Application and Management System (CAMS) which requires the organization to register in CAMS at <https://dmz1.dhcd.virginia.gov/camsportal/Login.aspx>. Entities are required to have a DHCD reviewed and approved current audit or reviewed financial statement(s) in order to submit a remittance request.

Additional reporting requirement (for local governments and non-profits organizations)

In accordance with the Code of Federal Regulations; Title 2 CFR Part 200 Subpart F, non-Federal entities that expend \$750,000 or more in federal awards within the entity's fiscal year are required to complete a "Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations" (see Appendix A for sample form) and submit a copy of your Audited Financial Statement to the Federal Audit Clearinghouse.

Financial Statement

Financial statements should include an organization's income statement (statement of activities), a balance sheet (statement of net position) and a cash-flow statement. Income Statement, also known as the Profit and Loss Statement, includes your financial performance in terms of net profit or loss over a specified period. The income statement is composed of the following two elements: income and expenses. The balance sheet presents the financial position of your organization at a given date. The balance sheet is composed of the following three elements: assets, liabilities, and equity. The cash flow statement presents the movement of cash and bank balances over a fixed period. The cash flow statement is composed of the following three elements: operating activities, investing activities, and financing activities.

Reviewed Financial Statement

Reviewed financial statements require a CPA to perform inquiry and analytical procedures that extend beyond the scope of a compilation review. Upon completion, a report is issued with "limited assurance" stating that a review has been performed in accordance with the American Institute of CPA's (AICPA) professional standards, that a review is less in scope than an audit, and that the CPA did not become aware of any material modifications that should be made in order for the statements to be in conformity with generally accepted accounting principles, or if applicable, another comprehensive basis of accounting. Please note that Schedules A, B and C are **required** to be included in your reviewed financial statement as supplementary information and

your audit firm is **required** to include these schedules.

Audited Financial Statement

Audited Financial Statements are required for all entities that expend \$300,000 or more regardless of source. Audited Financial Statements require a CPA to perform inquiry and analytical procedures that extend beyond the scope of compiled or reviewed statements, including verification and substantiation procedures. These verification and substantiation procedures may include direct correspondence with creditors or debtors to verify details of amounts owed, physical inspection of inventories or investment securities, inspection of minutes and contracts, and other similar steps. Also, the CPA gains a knowledge and understanding of the entity's system of internal control. Upon completion, a report is issued with “positive assurance” stating that a review has been performed in accordance with both the American Institute of CPA’s (AICPA) professional standards and generally accepted auditing standards, and expresses an opinion that the financial statements present fairly the entity's financial position and results of operations. Please note that Schedules A, B, and C are **required** to be included in your audited financial statement as supplementary information.

2 CFR 200 Subpart F AUDIT (Single Audit)

All non-Federal entities that expend \$750,000 or more of Federal awards in the entity’s fiscal year must have a single audit conducted in accordance with §200.514 Scope of audit.

A single audit requires a CPA to conduct an entity-wide audit consisting of two main parts: an audit of the basic financial statements and an audit of the entity’s major Federal award programs. The audit of financial statements must determine whether the financial statements of the auditee are presented fairly in all material respects in accordance with generally accepted accounting principles. The auditor must also determine whether the schedule of expenditures of Federal awards is stated fairly in all material respects in relation to the auditee’s financial statements as a whole. The audit of the major programs includes (a) gaining an understanding of and testing the internal controls and performing tests of internal controls over the federal programs and (b) a compliance audit governing laws and regulations and the provisions of contracts and grants of the Federal award programs.

Upon completion, a report is issued with the CPA’s opinion on whether an organization has complied with laws, regulations and the provisions of contracts or grants that have a direct and material effect on each of its major programs. Schedulesⁱ A, B, and C are **required** to be included in the Single Audit as supplementary information and your audit firm must include these schedules in their audit opinion.

PROPERTY MANAGEMENT

Federal regulations govern the acquisition, use, and disposition of property with federal grant program funds per 2 CFR 200.310-316. Subgrantees must be aware of and manage two types of property:

- Real property, where ownership is conveyed by a deed, (as in real estate);
- Personal property (all property that is not real property)

Note: The purchase of real property is not a grant eligible expense item.

Personal property may be further divided into two sub-categories

- Expendable personal property; and
- Unexpendable personal property.

Personal property is all property that is not real property. It may include office furniture, supplies, uninstalled materials, and intellectual properties. Unexpendable personal property includes, but is not limited to, equipment, vehicles, machinery, and tools.

Legal Compliance

All transactions and documentation of such transactions must be in full legal compliance with local, state and federal laws. Proper coding must be used. Proper ID and tax information must be obtained, maintained, and submitted as required. Failure of a provider agency to maintain its legal compliances will result in revocation of Subgrantee status. This will mean the removal of that agency from the WAP.

VEHICLES AND EQUIPMENT

Vehicle and Equipment Purchase

Vehicles and equipment may be bought using WAP funding. Prior to the purchase of any vehicle or equipment over \$5,000.00 Subgrantee agencies must receive written authorization from DOE through DHCD for purchases funded with DOE funds and DHCD written authorization for purchases funded with LIHEAP funds.

Agencies must plan ahead and evaluate the need for vehicle purchases well in advance so that purchases are not delayed. To facilitate the process, please follow these steps:

- **Submit the Vehicle and Equipment Purchase Form asking for authorization for approval for the purchase of vehicles and equipment in excess of \$5,000 with the following information included:**
- Name of requesting Agency

- Where the vehicle will be used – Specify, full or part time use in Weatherization program
- A statement of whether this is a replacement or an expansion vehicle. If this is a replacement, how is the trade-in being addressed?
- Brief description of how procurement will be done, and confirmation that State and Federal procurement guidelines will be met
- What the funding source will be
- Copies of bid specs (vehicle description with options requested) and **all** bids received
- Statement that lowest bid will be selected, or justification if lowest bid not selected
- *This information can be submitted via e-mail, fax, or mailed letter, but must be submitted in writing to DHCD. Furthermore, approval of purchases for vehicles and equipment in excess of \$5,000 must be obtained prior to the purchase*

Upon receipt of this request, DHCD will submit a request to DOE to receive approval for the purchase. T&TA funds may not be used to purchase vehicles or equipment. The cost of vehicles or equipment to support the program may be charged to the vehicle/equipment or program operations budget categories.

The approval of the request is with the understanding that State and Federal procurement guidelines are adhered to and met. Once you have proceeded with your procurement procedure you must send proof of purchase documents within 45 days of the purchase. The approval is valid for 90 days from the date of the approval letter. If the purchase is not made you must notify DHCD in writing.

Note: DHCD must be listed as the lien holder for all vehicles.

An adequate inventory labeling and management system must be in place for all vehicles and equipment whose purchase price is greater than or equal to \$5,000.

Please forward the original title to DHCD, and retain a Department of Motor Vehicles copy for your records.

All vehicles and equipment must be documented and listed on a fixed asset ledger. Small tools and all materials must be listed on an inventory record. Refer to 2 CFR 200.313 for more detailed requirements to follow.

Vehicles and equipment must be maintained to ensure operating efficiency and to preserve the life expectancy. Proper care for a vehicle requires that service(s) and/or repairs done to that vehicle be appropriately documented and will be reviewed during program monitoring.

All Subgrantees must maintain comprehensive insurance on all vehicles. Additionally, vehicle operators must be licensed within the State of Virginia, and must be operated in a safe, legal, and proper fashion. If a program vehicle is involved in an accident, copies of the accident report and all insurance filings must be maintained in the program administrative files.

When purchased, vehicles are for the explicit use of weatherization program staff to conduct weatherization related travel. This travel includes, but is not limited to, client intake visits, project estimation and inspection, and meeting and conference attendance. **Weatherization vehicles are not intended for generalized office use, may not be used for staff travel to and from home and the vehicles may not be parked at the home of any agency personnel over night for more than one night.**

Equipment, Tools, and Vehicles Inventory

Subgrantees are required to maintain a record or inventory of all equipment, tools and vehicles purchased with grant funds, and to submit this inventory to DHCD during each compliance monitoring visit. Records are required for all vehicles, and special notations are required for any equipment that is amortized or receiving debt service from grant funds.

Equipment must be routinely serviced and/or calibrated as required. All services and/or calibrations must be documented and these records available for verification.

Per 2 CFR 200.313(d)(1) these records must include Property Record information:

- Item name/description
 - A serial number or other identification number
 - The source of funding for the property (including the FAIN)
 - Who holds title
 - The acquisition date
 - Cost of the property
 - Percentage of Federal participation in the project costs for the Federal award under which the property was acquired
 - The location
 - Use and condition of the property
 - Any ultimate disposition data including the date of disposal and sale price of the property
1. A physical inventory of the must be taken and the results reconciled with the property records at least every two years.

2. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
3. Adequate maintenance procedures must be developed to keep the property in good condition.
4. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Inventory and Warehousing

Providers are encouraged to purchase materials in bulk quantities to capture significant savings if the provider has the financial capability to do so.

As materials must be purchased with an agency operating account that is then expensed to the WAP once those materials have been installed, all paperwork received and a final inspection completed on the unit. Once this process is complete then the agency can invoice those expenses for reimbursement.

All materials must be stored properly in a secure environment.

Any warehousing must have an individual(s) responsible for the process. This individual(s) must have direct input to the procurement process.

Subgrantees must have a reconciliation process to account for the purchase and usage of warehoused items. A system must be in place that allows materials used to be billed & tracked back to the individual jobs.

A replacement schedule for materials usage should be established. A schedule for this purpose is designed by “checking in” materials as they are received and “checking out” materials as they are loaded on the trucks or used. In effect, a balance sheet is created to be used in figuring the actual amount of materials on hand. This balance sheet can be used as a tool for judging future materials usage and thereby increase efficiency in the provider’s procurement process and job scheduling. It will provide data necessary to better and more accurately estimate costs for jobs.

Vehicle and Equipment and Disposal

Vehicles or equipment purchased with DOE or LIHEAP funds which have no more useful life may be sold or discarded (junked) in accordance with the mandates listed in 2 CFR 200.313. DOE and DHCD requires that vehicles and equipment must be offered to the weatherization network before being sold or discarded otherwise. Written permission must be received from DOE and DHCD (for LIHEAP funded purchases) prior to the offer.

Items may be sold on the open market to any purchaser only after all Subgrantees have had an opportunity to make an offer to purchase or have declined. To receive written permission, Subgrantees must send the Vehicle and Equipment Disposal form to DHCD

with all appropriate vehicle information and request a vehicle transaction. DHCD will secure the necessary written permission from DOE for vehicles and equipment with a fair market value over \$5,000.00. Subgrantees will then receive a follow-up notice that the transfer, disposal, etc. has been authorized.

Funds received from the sale of a vehicle or equipment must be used to complete the replacement purchase of other vehicles or equipment or for other program support related activities. Subgrantees may not depreciate the value of the vehicles for the business benefit of their agencies.

A vehicle ownership may be transferred between Subgrantees if permission for this transfer is obtained from DHCD. If the vehicle changes hands, the vehicle's new owner operator is responsible for updating the registration. When a vehicle is subjected to a location change for any reason, proper licensing and insurance maintenance require that its registration be changed accordingly.

DHCD will maintain a general inventory list of grant funded vehicles in use by providers. Equipment and inventory ledgers will be reviewed during monitoring visits. The list of vehicles will be updated on a regular basis.

Subgrantees are advised to take pictures of the vehicle for their insurance purposes. These pictures should be updated regularly. They provide documentation of visual condition and can be used as part of explaining any physical changes that may occur to the vehicle.

PROCUREMENT

Subgrantees must follow fair and open procedures for the purchase of goods and services with federal funds, in addition to all applicable federal and state procurement laws and regulations. Fair and open purchase procedures require that advertisement be placed in local papers when goods and services are to be procured, or that documented telephone or written price quotes are obtained before a purchase is completed. One annual advertisement about the intent to purchase materials or procure services can suffice for adequate notice. Additional notice may be required if procurement occurs outside the scope of any completed advertisement.

Federal regulations related to procurement are found in **2 CFR 200.317-326**.

Depending on the type and size of the purchase of goods and/or services, there are different procurement standards that need to be followed. Below is a brief description of procurement methods.

- **Procurement by micro-purchases**
 - Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (2 CFR 200.67). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-

purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

- **Procurement by small purchase procedures**
 - Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
- **Procurement by small sealed bids (formal advertising)**
 - Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest is price.
- **Procurement by competitive proposals**
 - The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids.
- **Procurement by noncompetitive proposals**
 - Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when one or more of the following circumstances apply:
 1. The item is available only from a single source;
 2. The public exigency or emergency for the requirement with not permit a delay resulting from competitive solicitation;
 3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
 4. After solicitation of a number of sources, competition is determined inadequate.*
 - *If only one bid is received, then the Subgrantee must follow sole source procurement requirements.

Subgrantees must have a local procurement policy that establishes the benchmark for the procurement types they utilize currently or may use in the future. Other procurement guidelines are as follows:

- When appropriate, an analysis should be made of lease and purchase alternatives to determine which would be the most economical and practical.
- Procedures must be in place to ensure that duplicated materials or services are not purchased or contracted.

- Maintain records (accounting and accountability documentation) that detail the significant history of procurement.
 - The bid process must be open and available to all qualified bidders.
 - There must be a clear and accurate description of the goods, materials, or services required (with technical information available if requested).
 - Formal Advertising required when Sealed Bids required.
 - Grantees and Subgrantees are encouraged to use federal excess and surplus property whenever possible.
 - Grantees and Subgrantees are required to give preference to minority firms, women's business enterprises, and labor surplus firms.
- **Note:** Subgrantees are not prohibited from combining all or part of their procurement process in order to take advantage of price breaks given for bulk purchases or to reduce costs in the process. However, if this is done, a contract or procurement agreement must clearly specify "which agency" receives "what benefit" from the procurement, and the agreement must specify the cost each individual agency must pay. If either provider defaults in this process it would financially damage both agencies.
 - *This information can be submitted via e-mail, fax, or mailed letter, but must be submitted in writing to DHCD. Furthermore, approval of purchases for vehicles and equipment in excess of \$5,000 must be obtained prior to the purchase*

Procurement records for large purchases (or subcontracting services) must be kept and contain the following information:

- Solicitation Document
- Documentation of Advertisement
- Attendees and Minutes of Bidders Conference
- Bids/Proposals/Quotations Received
- Documentation the Requirements Satisfied
- Evaluation Panel Members
- Evaluation Work Papers
- Notice to Successful Vendor(s)/Contractor(s)
- Why and how the specific contractor was selected
- The basis for the cost of the materials or services procured

Procuring agencies must have a legal and binding contract with the supplier. This contract must have administrative, contractual, or legal remedies in case of any breach by the supplier. This contract must contain suitable terms for the termination of the contract and basis for settlement in recourse if needed.

FOR PROFIT ACTIVITIES

Some agencies have opted to generate income beyond grants and donations by providing weatherization on a fee-for-service basis. “For Profit Activities” are agency actions to provide weatherization services for other organizational programs, organizations, or home owners that are not income eligible for this program. For Profit Activities generate “program income” for providers. There are specific restrictions for this usage. A provider may use equipment acquired through the grant process as allowed by **2 CFR 200.307 and 2 CFR 200.313(c)(3)**.

Leveraged funds

DHCD does not currently budget leveraging funds for Subgrantees. If in the future funds are budgeted, DHCD will notify the network in writing. Landlord contributions are not considered leveraged resources because they are generally not voluntary and often come with special stipulations or requirements. See Chapter 7, Reporting, for more information on leveraged funds.

Chapter 6 – Monitoring Policy and Procedure

DHCD will monitor each Subgrantee annually to ensure that the program is being implemented as required by DOE, and in accordance with the guidelines set forth in this manual. Monitoring is a process that allows DHCD an opportunity to visit Subgrantee facilities and examine and evaluate each agency to assess their proficiency at program implementation.

Monitoring visits will fall into one of two categories: Technical or Financial and Administrative Monitoring

TECHNICAL MONITORING

- Program Overview (Client File Review, Work Orders, etc.)
- Equipment/Inventory/Materials
- Eligibility
- Rental Units
- Client Feedback
- Energy Audits
- Field Work
- Health & Safety
- Quality Assurance
- Training & Technical Assistance
- Qualifications & Training
- Weatherization of Unit
- Final Inspections

FINANCIAL AND ADMINISTRATIVE MONITORING

- Financial Management/Accounting Systems and Operations
- Administrative Management
- Single Audits
- Payroll/Personnel
 - Timesheets
 - Signed Job Descriptions
- License Review
 - Agency Contractors License
 - RBEA License
- Other Programs' Monitoring Reports
- Insurance Policies
- Lease Agreements
- Board Overview
 - Board Bylaws
 - List of Board Members

- Board Meeting Minutes
- Contractor Management
 - Contractor List
 - Solicitation of Contractors
 - RFP Review
 - Contractors' License Certifications
 - Agreements
- Financial Policies and Procedures Manual (With special attention to)
 - Property Management
 - Records Retention
 - Conflict of Interest
 - Procurement
 - Indirect Cost Rate/Cost Allocation Plan
 - Debarment and Suspension
- Bank Account Signature Cards
- Credit Card Statements
- Detailed Expense Reports
- Vehicles, Equipment and Materials Overview
 - Equipment List
 - Equipment/Property Physical Inventory
 - Materials Physical Inventory

THE COMPLIANCE MONITORING PROCESS

Monitoring visits will occur at least once each contract period (12-months). The number of visits and the time required for a visit is dependent upon the amount of funding. The agency is required to furnish calibrated tools and equipment. It will follow a standard 4-step process which is:

1. notification and scheduling
2. review
3. exit interview
4. compliance report

Risk Assessment

In accordance with 2 CFR 200, DHCD developed a department-wide risk assessment process for all federally funded programs. It launched in the fall of 2017.

Prior to each monitoring visit, a risk assessment will be performed by DHCD personnel to determine the potential risk to the program, as well as the department. During the assessment of the Subgrantee's risk, DHCD personnel will review the entity's status in SAM.gov. The risk levels determine the timeframe the Subgrantee is required to receive technical and training assistance and/or a monitoring visit. There are four levels of risk determined by the assessment. The lowest risk requires monitoring within 12 months, but

Chapter 6 – Monitoring

technical assistance may be necessary. The most severe level of risk requires monitoring as soon as possible, and no later than six months; immediate technical assistance is necessary.

Notification and Scheduling

The date and time will be negotiated with the Subgrantee weatherization manager for the technical monitoring visits. For the Financial and Administrative visits, the Subgrantee Weatherization Manager, Executive Director, and Financial Director will be notified.

Monitoring Categories

Here is a brief description of the content of the monitoring categories:

1. *Program Management* – all programmatic administrative files directly related to the WAP must be present and available for review. This includes copies of contracts, contract amendments, public notice records, materials and equipment inventories, internal policies, insurance coverage, etc.
2. *Financial Management* – appropriate documentation will include accurate and complete reports of all WAP funds received and expended, with special emphasis on procurement records and vendor payments. Financial Management review may occur separately from the general administrative reviews and property inspections.
3. *Client Files* – all client files must contain:
 - A signed application
 - Hard copy documentation of income verification and ownership
 - Re-verified application after twelve months, if applicable
 - Owner agreement
 - Lead pamphlet sign-off
 - Lead Test Results, if applicable
 - Energy audit
 - Copy of the audit
 - Materials inventory check-out or invoice
 - Contractor invoice, if applicable
 - Signed Quality Control Inspection form
 - Client response
 - Hancock Job Report
4. *Projects in Process* – the monitor will observe at least one energy audit and weatherization jobs (each) in progress by the agency's crew or

subcontractors. Additional energy audits and crew sites may be visited at the discretion of the monitor.

5. *Completed Projects* – The technical monitor will perform field monitoring visits based on the QCI strategy in place by the Subgrantee. The Subgrantees are asked to declare a 5% or 10% monitoring threshold depending on the availability of independent QCI's.
 - A 10% agency-The Subgrantee may utilize the same employee for both the initial audit and for the final inspection process. This individual will need to be QCI-certified to perform these duties. The 10% monitoring requirement will be applied to all Subgrantees in this category when they announce their intention.
 - A 5% agency-The Subgrantee will ensure that the initial auditor and the person conducting the final QCI inspection will remain independent of each other on 100% of jobs. A Subgrantee operating at this capacity will remain at the standard 5% monitoring requirement. At any point, if the Subgrantee fails to comply with the independent nature of the QCI intent, they will be moved to the 10% category and monitored as such.
 - Chapter 3 (Weatherization) details the corrective action procedure for inadequate quality control inspections.
6. *Inventory* – storage areas will be inspected to make sure that stock is safely and properly stored to protect personnel and inventory. The warehousing process and inventory records will be reviewed.

Exit Interview

Financial and Administrative Monitoring visits will conclude with an Exit Interview with the Executive Director, Financial Director and the Weatherization Manager. The monitor will summarize the results, provide a verbal report of the outcome of the review, specify whether there were any findings of non-compliance, and any other concerns.

Additionally, the monitor may make recommendations for staff training, education and/or overall areas of program improvement. It is also an opportunity for the agency staff to immediately address the findings and/or provide additional pertinent information that may impact the final report.

Compliance Report

A Monitoring report will be completed and submitted to the agency's Executive Director within sixty days after the visit, and a copy will be forwarded to the Weatherization

Manager. In cases of non-compliance, agencies will have thirty days to correct findings and notify DHCD of the corrections.

CHAPTER 7 - Electronic Data Collection/Management/Reporting

The Department of Energy (DOE) requires quarterly reports on the amount of Weatherization Assistance Program (WAP) funds expended and the demographic information for the households assisted. Each completed unit that receives any DHCD contracted funds shall be reported as a job completion for the funding source. Any weatherized unit must be Quality Control Inspected to be considered a job completion.

A single job completion may have multiple funding sources and all reporting criteria must be completed as required by the funding source. Accurate and up-to-date Subgrantee operating procedures, financial management, and administration information, as well as client, project, technical, and expense reports must be maintained in the local agency's files. DHCD may request any project, financial, budget, and staffing information, as well as any additional information DHCD deems necessary. Subgrantee agencies shall submit the requested data in a reasonable amount of time (7- 10 days) or within the specified deadline as requested by DHCD.

HANCOCK ENERGY SOFTWARE

DHCD receives and tracks basic information on the client application process and each job through the Hancock Energy Software (HES) data collection and reporting database. Subgrantees must have the capacity and resources to collect and manage WAP data electronically, using the current internet-based Weatherization Hancock Energy Software (HES) data collection and reporting database. In addition, Subgrantees must be capable of transferring and receiving WAP data, spreadsheets, photos, and text documents electronically, as well as connecting to the internet.

Hancock Energy Software is a third party vendor that is currently contracted to provide a web-based weatherization reporting system for all Subgrantees throughout the state.

DHCD will make every effort to incorporate necessary changes into the Hancock system as the funding programs evolve. There may be additional documentation required for certain types of funds or programs to report various activities in the future. Although new information is required, there may be no database fields for gathering the data due to development timelines. Separate forms will be developed and provided for additional information and or reports. If DHCD notifies Subgrantees of additional requirements the Subgrantee shall provide the required information accurately and on schedule as notified by DHCD.

Database Administration and Access

The System Administrator is John O'Donnell: (804) 371-7183
john.odonnell@dhcd.virginia.gov

Hancock Help desk: (866) 358-5212
Email: support@hancocksoftware.com
Hancock WAP Online

DHCD will request user authorization updates from time to time in order to keep access to the Hancock system secure. A Weatherization Program Manager is required to notify the DHCD system administrator by email of any personnel changes that require an update, deactivation or to edit capabilities of new or existing personnel in the Hancock system.

Password or User name issue- users should email the DHCD system administrator for a reset.

New user or to upgrade access levels - A Subgrantee weatherization program manager or higher is required to authorize personnel that can access the system.

Contact the DHCD System Administrator with the needed information listed below:

- Name
- Email
- Phone #
- Hancock Access level
- Hancock Weatherization role

Access Levels include one universal access level and three restricted levels with editing allowed within the designation areas only:

- The Agency Manager level can view and edit all areas.
- Client Intake (restricted)
- Inventory and Job (restricted)
- Agency Fiscal (restricted)

Weatherization Roles - The weatherization role is used to populate pick lists and allow access to certain specific areas in the system:

Auditor – Name will show in the pick list for your agency’s energy auditors

Furnace Tech – Name will show in the pick list for your agency’s furnace techs.

Inspector QCI – Name will show in the pick list for your agency’s inspection screen.

Additional items requiring DHCD notification:

- Marking users as inactive who no longer require access to the system (should be done immediately).
- Adding or deleting utility and other service vendors.
- Requesting additions or edits to the master measures list.
- Adding or deleting cities, towns and counties in the agency coverage area.

PROGRAM, FINANCIAL, JOB, AND ACTIVITY REPORTING

Invoice and Report Schedules

Invoices for both DOE and LIHEAP funds are submitted to DHCD through the Hancock Energy Software (HES) database. It is recommended that Subgrantees submit invoices on a monthly basis. Invoices are due to DHCD on or before the 15th of every month. Reports are not required if there are no completed jobs or expenditures to report, however, Subgrantees should not go more than one month without submitting a report. DHCD requires that the local agencies attach a detailed General Ledger and expense summary report for the invoicing time period to each invoice submitted. Reimbursements are paid by DHCD once the required documents are reviewed and approved.

A delay in issuing a payment could result from any issues in question by DHCD. Examples include, but are not limited to, inaccurate, incomplete, or untimely reports, in addition to ineligible expenses being listed on the financial documentation.

The additional demographic, household income, and living unit data is summarized in reports in HES.

- All applications and job data shall be complete, accurate, and correctly entered into HES.
- The Hancock System will perform some aggregations, calculations, and filtering of data to produce the required data for reports within the system.

The key information sought, in addition to the financial expenditures for the reporting period, are the applicant and data on completed units:

- Number of units assisted, single-family (owned /rented), small multi-family (4 – 24 units), large multi family (25+ units) or manufactured homes (owned or rented)
- Number of units occupied, by elderly, disabled, Native Americans or families with children, which are divided into sub groups 0 – 2 years; 3 – 5 years; and 6 – 17 years old
- Total people in each household served, including the subgroups of target populations listed above and any additional non-target people
- Number of units that have been re-weatherized
- Household income data
- Primary fuel used
- Annual fuel consumption data
- Leveraged units (funds not included in DOE or LIHEAP budgets)
- High residential energy burden
- High residential energy user
- Restoration of home energy service (inoperable heating or cooling replaced or repaired)
- Prevention of loss of home energy service (replaced or repaired – other than energy efficiency reasons)

DHCD compiles and issues quarterly reports from original applicant information, job data, and local agency financial information entered into the HES by the Subgrantees. Local agencies are responsible for complete, accurate, and timely data entry in the HES for their programs.

Leveraged & Buy Down Funds

It is required that all funds utilized in a weatherization project be reported in the final project costs in Hancock and the client file. All dollars invested in the project are to be recorded by measure and have the appropriate funding source applied to them. In order for impact and other reports to be generated, the funds must be invoiced in Hancock. Please see DHCD Information Notice 01-2019 for detailed information.

LIHEAP Household Report

DHCD compiles and issues this report to the Department of Social Services (DSS). The required data is captured through local agency reports submitted through HES. The LIHEAP/ DOE Weatherization Client Application (paper version distributed to applicants) contains information if the applicant has received a benefit from DSS in the current program year for the following programs: Cooling Assistance, Fuel Assistance, or Crisis.

DSS Case #: If the DSS case # is known, it should be included in the Client Intake menu under Documents.

LIHEAP has Children subsets in the HES “Client Information– Household Demographic” section. These fields are required. LIHEAP reports children in two subsets of the DOE child categories:

- 6 - 18 years (DOE only)
- 3 years through 5 years (LIHEAP and DOE)
- 2 years or under, (LIHEAP and DOE)

Denied Clients: LIHEAP classifies denied as any client that is income eligible but is denied for any reason. This category also includes eligible clients on the existing waiting list but not served by the end of the program year.

Other Conditionally Eligible classifications for DOE funding only

See the Multifamily section concerning two unique unit categories which may be completed under special conditions:

- Vacant units
- Unqualified but eligible units

Social Security Numbers

Do not record Social Security numbers in the Hancock System. This could be a potential security issue and DHCD advises not to record these numbers in the system.

WAP Rank

WAP Rank Priorities:

Because LIHEAP adheres to the same requirements as the DOE Weatherization Program with limited exceptions, the priorities for LIHEAP funds are the same as Weatherization.

They include households with the following characteristics:

- 1) person(s) 60 years of age or older;
- 2) person(s) with disabilities;
- 3) child(ren) under the age of eighteen. (This category is divided into sub-sets for LIHEAP reporting requirements)
- 4) person(s) with high energy bills
- 5) person(s) that are energy burdened

Two additional priorities APPLY ONLY TO LIHEAP and include 1) households with no heat and 2) cases that are time sensitive.

Regular DOE funds cannot be combined with LIHEAP on these jobs as these two additional prioritizations do not apply to DOE funds.

All valid applications need to be entered into the Hancock system immediately.

STATE MONITORING CAPABILITIES

The HES has crosschecks and reference points that must be complete and accurate in order for data input and or jobs to progress through the system. Additionally, DHCD staff will review the HES for complete and through data input. Job details, reports, and invoices will be randomly sampled to determine if jobs are accurate and completed to DOE and Virginia Weatherization standards. All areas may be inspected by DHCD, State, or DOE staff who may periodically conduct reviews to identify any issues.

The technical monitors will use the Hancock system for desk monitoring and selecting jobs to be monitored on site. The Final Inspection report will be checked to verify that every client job submitted with the invoice has had a final Quality Control Inspection (QCI).

DHCD requires that the local agencies attach a detailed General Ledger and expense summary report to each invoice submitted. The Weatherization Program Administrator will verify that the amount submitted on an invoice matches the detailed General Ledger and summary report for the invoicing period. A hold may be placed on a job or invoice until any questions or issues are resolved.

State Approval Screen

- If a job is on the State Approval screen, you will receive a system notice when you try to access the job. The notice means it is locked for review and approval by DHCD. Each job will need to have an issue resolved and receive state approval to

return control back to the agency. Do not re-enter the job in Hancock. The Subgrantee **must contact the System Administrator** for further details

A job can be on the state approval screen because of the following:

- Date inconsistencies
- Funding and budget availability
- Address duplication
- Monitoring issues

BUDGET ADJUSTMENT

Budget Increase /Adjustment/ Reduction Request and Budget Increase Request forms

The Budget Increase/Adjustment/Reduction Request Form is available from DHCD Weatherization staff. This form shall be submitted for any budget increases or decreases. The form must be used for any budget adjustments between the main budget cost categories and signed by the Chief Financial Officer or agency management. Send the completed form to the both the primary and backup system administrators.

A Subgrantee can adjust the budget within a major cost category of either “Program Operations” or “Health & Safety,” to move funds into associated divisions, such as Agency or labor cost, if needed. Use the “Budget Adjust” item under the “Reporting” menu to self-adjust the budget within an individual cost category by using the three sub cost categories to distribute funds as needed.

Refer to the **Hancock** Zendesk or help option under the “Adjust Budget” screen for further detail.

CUSTOMER APPLICATION PROCESS & ELIGIBILITY DETERMINATION

Application process (See Chapter 1: Eligibility for additional information/requirements)

The Subgrantee is responsible for coordination and verification of the applicant intake process. The application includes a variety of documentation including, but not limited to, household income and demographic data, annual fuel consumption data, information on the living unit/structure, signed permission, and authorization forms. Once an application process is certified/approved, “Eligibility” will change to “Yes” in Hancock. If “no,” make sure the Income and Documents screens are entered completely. The Subgrantee creates a file for each applicant and contacts the applicant to schedule an energy audit. If unable to reach the applicant, send the listed applicant an eligibility notification letter with contact information and instructions regarding the next steps to schedule an energy audit. Subgrantees are expected to take every step possible to contact the applicant and make a final determination on the status of the application. Three documented attempts to contact the client are recommended.

Application and associated intake information for the approved applicant will need to be verified by the energy auditor at the on-site audit interview directly preceding the audit inspection activities phase.

The following applicant information is required:

- a) Household demographic information
- b) County of residence
- c) Applicant's Name
- d) Applicant's Address
- e) Applicant's Telephone Number
- f) Utility vendor and account #
- g) Housing type (i.e., single family home, apartment, etc.)
- h) Living Arrangement, i.e. renter, home owner
- j) Household size
- k) Household Income verification
- l) Seniors (over 60) in residence
- m) Disabled persons
- n) Children in residence
- o) Primary Heating Fuel type
- p) Annual Household fuel/ utility consumption
- q) Year the structure was built
- r) Due diligence/Determination on Historical Status
- s) Application Certification date

Fuel Consumption Data

One year's fuel consumption data should be collected and entered into the HES. This may include multiple fuel types for a dwelling. The DOE reporting categories for high residential energy burden and high residential energy use this data.

Energy Consumption field requires the amount of fuel used in the appropriate fuel unit measurement (quantity not cost).

Use "gallons" for oil, "CCF" for natural gas, "tons" for coal, "gallons" for kerosene, "cords" for wood, "gallons" for propane, and "KWh" for electricity.

Check for previous weatherization

Once the approved applicant has been selected from the waiting list, the Subgrantee must verify that the dwelling unit has not been previously weatherized. Use all available reference tools available by searching the local agencies historical client files first, then reviewing the Hancock database. (DHCD's weatherization records for customers' addresses assisted between July 2005

and December 2012 are available in the Hancock system by accessing the “Imported Clients” list under the “General Information” section.)

At the time of onsite audit inspection, a final verification must be made by visually assessing the home for installed DOE weatherization measures. If weatherization program measures have been installed, documentation must be placed in the application client’s file. Photos are suggested to show past weatherization activities. This step is a double check, since the home should already have been verified for previous weatherization services.

If files are found, confirming previous weatherization has been completed at the address, the intake worker initiates the denial process. To manually deny a client who has become an eligible applicant/weatherization job in the Hancock system, mark the denial check box on the Audit Info screen and add notes/comments. In cases where, during or upon completion of the Energy Audit, the Auditor visually determines that post-1994 weatherization work has been performed and documented, the intake worker is informed and the customer is ineligible for assistance through DOE WAP.

All agencies must have the capability to perform a duplicate application check through manual or administrative means.

HANCOCK ENERGY AUDIT TOOL (HEAT)

Local Weatherization Subgrantees are responsible for completing all weatherization work in compliance with NREL’s Standardized Work Specifications and the Virginia Program Operations Manual. DHCD has successfully integrated NREL’s Standard Work Specifications Tool into the Virginia SWS Field guide.

DHCD’s technical standards for weatherization comply with national weatherization standards. These documents are required to be referenced for guidelines, application and standards. These standards apply to both direct hire crews and private contractors. Quality Control inspections will be conducted using these materials as a guide.

The Standard Work Specifications have been customized to meet the needs of Virginia-specific measures. Subgrantees are required to follow the priorities established in the Standards and based upon the home audit/estimation which includes several diagnostic tests using specialized equipment.

The DHCD Weatherization program recognizes that it is impossible to address all situations that may arise in the field when a dwelling is being estimated, audited, or when work is being performed. As always, professional results depend on thorough investigations of existing conditions, proper use of technical tools, the auditors and crew’s knowledge of weatherization standards and good judgment on the work site. Local Weatherization Subgrantees are encouraged to contact DHCD’s Technical Monitor/Quality Control Inspection staff with any questions or for clarifications regarding work quality or policy. It is important to note that required customer documentation (including utility bill copies or signed utility release forms) should be collected prior to the commencement of the energy audit.

Energy Audit Protocol

Single Family: All single family homes are audited using Hancock's HEAT.

Multifamily: Multifamily units with 4 or less units are modeled with HEAT. With approval from DOE, weatherization is allowed on small multifamily buildings (3 stories or less, 24 units or less, that have units that are individually heated/cooled) and large multifamily buildings (4 stories or more, 25+ units, where buildings are centrally heated/cooled).

Manufactured Homes: HEAT for manufactured housing has been approved as an audit tool by DOE and should be utilized on all applicable housing stock.

Local Weatherization Subgrantees are required to use the Virginia Department of Professional and Occupational Regulation (DPOR) licensed Residential Building Energy Analyst to perform audits. Please ensure Energy Solutions Training Center has an updated copy of the license on file.

The Hancock HEAT application installed on an iPad may be used to record the existing pre and post weatherization conditions, technical data of the home, and the proposed improvement measures. Later, as Internet access is available, the field recordings shall be uploaded to the main website for the project. This will import the iPad-recorded field data into HEAT, in order to perform energy modeling. The auditor identifies the needed improvements and prescribes what weatherization measures are appropriate to improve the energy efficiency of the structure and address Health and Safety issues. HEAT will calculate the effectiveness of the Energy Conservation Measures (ECM) list prescribed by the auditor to record the SIR for the Energy Savings measure and the overall job scope.

The HEAT modeling tool will help the auditor identify and determine those measures that have the most cost-effective SIRs. The auditor can make informed decisions by using HEAT, to ensure the most cost-effective energy efficiency measures are installed.

The Auditor must upload all measures into HEAT to determine the highest Savings to Investment Ratios (SIR). Once a HEAT analysis is finalized, the owner must sign off on the scope of work. Work orders must be prepared for the weatherization crews/sub-contractors as necessary.

Measure Cost Index for SIR calculations

Currently agencies do not invoice for labor and material separately. Measure costs are mainly invoiced as a total cost for the measure. HEAT requires labor and material cost to be entered separately for each measure to calculate job energy SIR. DHCD has developed a statewide cost index for all Energy Conservation Measures. This index is a breakdown of material cost and labor cost based on the unit measure (each, Sq. ft., Linear Foot, etc.) for each material.

Agencies have two choices.

1. Use the statewide index for these Energy Conservation Measures to evaluate job material and labor measure cost accuracy for their agency. Additional costs are billed as Program Operations Agency Cost or Health and Safety Agency Cost.
2. Submit their agency's customized pricing of Energy Conservation Measures to DHCD for record keeping. DHCD may ask for justification if necessary.

After the measure cost evaluation is completed, if needed, agencies will be allowed to customize/tailor material and labor measure costs to the agency's confirmed findings. Eventually it is expected that agencies will develop their own pricing for materials and labor.

Sub-contractors are required to provide the material and labor break down, as defined by the Work Scope measures, in their estimating/ invoicing documents.

An abbreviated list of those standards is outlined below.

General Energy Audit Requirements

- Conduct initial customer interview and basic fact finding phase.
- Communicate an overview of weatherization process. Inquire about any issues to the structure or household health concerns as they relate to the weatherization process. Complete any outstanding items as needed to start the audit and work process, such as original signatures on documents, any further documentation, or authorizations.
- Provide client education to the homeowner/resident and obtain signed receipt of materials when required (EPA lead pamphlets, unvented heaters, etc.).
- Include an interview of the occupant(s) about their awareness of energy-related home hazards and other factors, including pets, occupants, etc.
- Conduct a brief walk through to provide a preliminary assessment. Review the condition of the structure, appraise energy efficiency improvement opportunities and evaluate health and safety concerns.

There may be cases where a home has significant issues, including but not limited to, structural damage, extensive mold, or animal infestations that make the home ineligible for weatherization. (See Chapter 1). In cases such as these, where there is a situation that may warrant a conditional deferral or denial prior to completion of the energy audit, the energy auditor must perform the following steps:

- 1) Record the issues detail in the client file.
- 2) Communicate with the client concerning the findings.
- 3) Notify the appropriate agency staff to send the notification letter to the applicant.
- 4) Complete file documentation for the deferral/ denial, including a specific narrative, time limits for the issue to be corrected (if appropriate), and photos.

HEAT Audit

1. The HEAT audit shall be based on current building-science principles and include the use of appropriate equipment in diagnosing opportunities for improving energy efficiency, and minimizing health and safety concerns.
2. Include a base load energy use analysis and provide advice to clients on reduction strategies.
3. The auditor utilizes HEAT to produce a cost-effective work scope that recognizes best-practice installation procedures and a comprehensive set of specific energy efficiency and health/safety measures warranted by the site-specific circumstances.
4. The energy auditor shall communicate health and safety concerns related to energy systems and proposed retrofit work. These communications shall include recommendations to maintain or improve existing levels of health and safety while mitigating identified hazards.

The energy audit shall:

- a) Not endanger the occupants or the auditor.
 - b) Include a test of all combustion appliances in accordance with Virginia specific and SWS standards.
 - c) Evaluate ventilation requirements using ASHRAE 62.2-2016. This is external to HEAT and the calculation can be found at the RED Calc Free website:
<http://www.residentialenergydynamics.com/REDCalcFree/Tools/ASHRAE6222013>
 - d) Identify signs of moisture problems.
5. The energy auditor shall:
- a) Conduct prioritization of ECMs according to cost-effectiveness, and feasibility.
 - b) Conduct prioritization of health and safety improvements according to their urgency and importance.
 - c) Complete pre-work and post-work documented verification, such as diagnostic testing and all measures identified as part of the audit.
 - d) Identify existing and potential hazards that may develop when or after measures are installed. Specify preventative maintenance schedules and expectations.
 - f) Specify in the recommendations that workers do not disturb known or suspected lead-based paint, unless the workers are qualified and use appropriate containment, cleaning, and/or hazard control procedures pursuant to EPA guidelines.
 - g) Specify in the work scope that identified electrical hazards, which may hinder planned ECMs, are mitigated.
 - h) Specify appropriate safe work practices in the work scope.
6. The audit shall include a comprehensive package of ECMs, modeled using DHCD's approved software (HEAT). When conducting a whole house audit, use the Energy Saving report to compare energy savings.

7. The audit shall include input of energy consumption data to justify estimates of energy savings from the installed ECMs. Include proper documentation if estimates are used.

8. The energy audit shall include a work scope detailing proposed ECMs. This work scope shall be based on an evaluation of the whole house according to the requirements of this standard. The objective of the work scope is to optimize home performance cost-effectively, while maintaining or improving health and safety.
9. The Hancock Energy Audit Tool (HEAT) must be finalized and locked before proceeding to the Work Order Phase. Attach the final Selected Measures List/ Install List and the Energy Saving report in the WAP Documents Section.

Chapter 8 - Multifamily Weatherization

DEFINITION OF MULTIFAMILY

For reporting purposes and eligibility requirements, duplexes, quads, and townhomes that are individually heated/cooled are defined as multifamily buildings. However, these projects do not require DHCD or DOE approval. Virginia WAP may weatherize buildings with 4 units or less that are individually heated and cooled utilizing Hancock's HEAT software without DHCD or DOE pre-approval.

Small multifamily buildings are defined as 3 stories or less, 5-24 units, with units that are individually heated/cooled. Large multifamily buildings are defined as 4 stories or more, 25+ units, where buildings are centrally heated/cooled. Both small and large multifamily projects will be considered on a case-by-case, as-needed basis, and a DOE Project Officer must grant approval on the project.

Focus must be placed on the allowable weatherization work and NOT the allowable funding. Property owners must be educated by weatherization providers on the **Standard Work Specifications and VA's Weatherization Field Guide**. The goal of energy efficiency, rather than a rehab approach of replacing old systems and building components, should be communicated so there are no misconceptions on the program's intent.

General Practices of All Multifamily Projects

- Written permission of the building owner or his agent before commencing work.
- Benefits of the services accrue primarily to the low income tenants residing in such units.
- For a reasonable period of time after completion, the household will not be subjected to rent increases. VA's program specifies that no rent increases after WAP services can occur for two years (unless those increases are demonstrably related to other matters other than the weatherization work performed or are documented contractually).
- No undue or excessive enhancement shall occur to the value of the dwelling unit as a result of WAP activities.
- Single family rental units are handled the same as single family owned units. The resident is determined eligible and the owner must sign off for work to be done.
- An owner matching contribution is required for multifamily rentals with 5 units or more. A 15% owner match of actual weatherization costs, based on the average cost figure, is required unless the owner also meets WAP income eligibility requirements. In this case no match is required.

In addition, the Operations Manual includes sample contracts (multifamily) and applications (single family rental) that Subgrantees utilize for how rental units are handled.

STEPS OF A MULTIFAMILY WEATHERIZATION PROJECT

This process has been developed to provide Subgrantees the ability to independently assess eligibility/feasibility, and to initiate, implement, and complete a multifamily weatherization project. An overview appears below and each step is explained in the appropriate section later.

- Meeting with Owner (feasibility of project, SWS standards).
- Tenant Applications, collect hard copy income documentation or a printed list of tenants by unit showing income if property is on HUD list.
- Based on number of eligible units, determine maximum allowable funding.
- Collect utility bills from previous 12 months.
Completely fill in the required forms and send with all required documents to DHCD Program Administrator. This must be completed by the Subgrantee, not the property owner. Send documentation to DHCD for preliminary approval.
- Perform an audit and develop Scope of Work.
- DHCD will review the documents. If complete, DHCD will forward to DOE for approval on a case-by-case basis.
- Sign Project Agreement (DHCD template) between Agency and Owner.
- Subgrantee will procure subcontractors to complete work.
- Implementation timeline, scheduling, order materials, notify residents, complete work, continuous quality control, technical oversight, recycle, storage of materials onsite.
- DHCD reserves the right to inspect the first building when complete. Subgrantee must schedule with DHCD technical monitor for site visit.
- Subgrantee must conduct a final inspection on each unit and perform the required Blower Door and other diagnostic tests.
- Walkthrough exit process with Owner.
- Reporting (eligible, non-eligible).
- Whether applications are used or the HUD list is used, all required demographic information must be collected for reporting purposes

INFORMATION GATHERING

Eligibility

For the purpose of multifamily weatherization, eligibility is determined on a building-by-building basis (common foundation). Not less than 66% of the dwelling units in the building must be eligible; however, all units in a building must be weatherized. For duplexes and quadplexes, not less than 50% of the dwelling units in the building must be eligible. **Income eligibility must be determined by the Subgrantee.** Income certifications completed more than twelve months prior to the audit must be re-certified. However, applications must be certified before performing the audit (hard copy documentation required in each client file).

Subgrantees should select the “50/66” option under *Categorical Eligibility* in Hancock Software when entering properties where eligibility is not 100%. All units weatherized shall count as a completed unit and will count towards the Average Cost per Unit calculation.

For HUD properties identified on the HUD/DOE list of income-eligible properties, Subgrantees are not required to certify tenant income. A printed list of tenants by unit showing income must be maintained in the project file. Access to tenant's income information must be available for two years after weatherization work is completed.

The Subgrantee must have a policy in place for owner contributions (excluding 2-4 unit properties, see **I.N. 08-17**). This will include a minimum match of 15%. These funds may include improvements made within the past year or improvements that will be finished no more than 60 days after weatherization work is completed. **Landlord contributions must be utilized for weatherization of the property.** The following items may be counted towards the contributions:

- Capital improvements
- Cash match
- Cost to weatherize ineligible units

Weatherization costs for vacant units must be paid for by the owner, and these funds must be held in escrow for 180 days after the final inspection date. If vacant units are occupied by income eligible clients within 180 days after the final inspection, escrowed funds for those units will be returned to the owner.

Accrual of Benefits to Low-Income Tenants

Subgrantees must ensure that the benefits of weatherizing multi-unit buildings accrue primarily to the low-income tenants, including rental units where the tenant pays for energy through rent. In instances where a tenant does not pay for energy directly, a combination of several categories of benefits may be used. Benefits that could be combined, include, but are not limited to:

- Longer term preservation of the property as affordable housing;
- Continuation of protection against rent increases beyond that required under the WAP regulations (10CFR 440.22(b)(3)(ii));
- Investment of the energy savings in facilities or services that offer measurable direct benefits to tenants;
- Investment of the energy savings from the weatherization work in specific health and safety improvements with measurable benefits to tenants;
- Improvements to heat and hot water distribution and ventilation, to improve the comfort of residents; and
- Establishment of a shared savings program.

In instances where a tenant does not pay for energy directly, the Subgrantee must secure an agreement with the owner detailing how the weatherization benefits will accrue directly to the tenants. This plan must be maintained in the project file.

Utility Bills

The previous 12 months utility bills must be collected from tenants. By the final inspection date a minimum of 20% of tenant bills must be received. A documented record must be kept showing the collection effort.

Audit

Applications must be certified by the Subgrantee before audits are performed. For properties appearing on the HUD/DOE income-eligible list, a printed tenant list showing tenant name and income by unit must be obtained by the Subgrantee before audits are performed. Audits must be conducted in accordance with the Standard Work Specifications using a DOE-approved audit tool. Tested units must be identified ahead of time to ensure the owner has a reasonable amount of time to notify tenants. A detailed assessment checklist must be completed on each building. After the audits are completed, the Subgrantee will develop a materials list, cost data, and a scope of work.

During the audit, photos must be taken of each area that will be addressed by a weatherization measure (example: bypasses in attic). It is recommended to take detailed photographs of the entire property, its units, and surrounding grounds.

Scope of Work and Notification to DHCD & DOE

The Subgrantee must send copies of the audits, scope of work, photos, and completed Notification Form to DHCD. DHCD will work with the Subgrantee on the submission process to DOE for approval.

Implementation

Pre and post-weatherization photos must be taken of all areas addressed by a weatherization measure. After completion of the first building, the Subgrantee must notify DHCD for a possible site visit. The project is considered complete after the Subgrantee conducts final inspections on **all** units and all documentation is present in the project file.

Final Inspections must be performed by a Quality Control Inspector.

Record Keeping

A project file must be kept for 3 years after the close of the DOE 3-year grant cycle and must contain the following information:

- Applications/income documentation, or for properties on HUD/DOE list, a tenant income list by unit
- Multifamily Project Agreement
- Owner's plan for accrual of weatherization benefits to tenants in instances where tenants pay for energy indirectly

- Scope of work
- Audits
- Final inspection form for each unit inspected, performed by Subgrantee
- Lead testing documentation
- Materials list of measures installed on a per unit basis
- ASHRAE documentation
- Before/after photos
- All associated invoices

Monitoring Vacant Units

The Subgrantee must set up a system to determine the status of vacant units on the 180th day after the final inspection. Escrowed funds for units now occupied by eligible clients will be returned to the owner. Escrowed funds for units still vacant or now occupied by ineligible clients will be transferred to the Subgrantee. The agency must then notify DHCD that units are not eligible and DHCD will determine whether funds may be used on additional eligible weatherization clients or returned to DHCD.

If units are occupied by eligible clients, client files must be set up with income verification and certification and all other required documentation. These files will be monitored during the DHCD administrative/financial monitoring.

**Chapter 8 – Multi-Unit Weatherization
Attachment 1**



(name of agency)

(address)

Phone (____) ____ - ____ Fax (____) ____ - ____

Multifamily Weatherization Notification

Note-this form must be completed by the Subgrantee.

A. PROJECT INFORMATION

Project Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone #: _____

Agency Project Manager: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone #: _____

Agency Technical Manager (If different from above)

Address: _____

City: _____ State: _____ Zip: _____

Cell phone #: _____

B. OWNER INFORMATION

Address: _____

City/County: _____

Deed Book #: _____ Page #: _____ Date Filed: _____

Name (s) Under Which Title is Held: _____

Manner in Which Title is Held: _____

C. PHYSICAL CHARACTERISTICS OF THE BUILDING(S)

Building Type	# of This Type	# of Units Each Bldg	# of Floors	Foundation Type
Garden Style				
Town Home				
Quadplex				
Other				

Note- please attach a picture of each building type.

Number of Buildings: _____

Number of Eligible Buildings: _____

Total Number of Units: _____

Percent of Units That Are Income Eligible: _____

Total Number of Vacant Units: _____

Are the Units Individually Heated? ☐ YES ☐ NO

If no, Describe: _____

Type of Fuel: _____

D. PHOTOS

During the initial walk-through of the property, take the following photos:

1. Take exterior pictures of all sides of building. If multiple building types on the same property, one set for each building type.
2. Take exterior pictures of both sides of the roof, any exterior HVAC or Ventilation units
3. Take interior pictures of a top floor and bottom floor unit to include:
 - a. kitchen (range/vent refrigerator)
 - b. bathroom including ventilation
 - c. utility room (mechanical units)
 - d. any additional HVAC, DWH appliances or Ventilation.
4. Take pictures of any common/utility areas that have mechanical systems.
5. Take interior pictures of crawlspace.
6. Take interior pictures of attic space.

E. CONTACT INFORMATION

Title	Name	Address	Telephone	Email
Property Manager				
Building Superintendant				

F. TENANT INFORMATION

Number of Children Under Age 19: _____

Number of Elderly: _____

Number of Disabled: _____

Has Income Been Certified? ☐ YES ☐ NO

G. UTILITY BILLS

Utility bills must be collected and maintained in project file.

Heating Utilities Paid by the Occupants? ☐ YES ☐ NO

Other:

H. FUNDING SOURCES

Source	Amounts	Exp Dates
DOE		
LIHEAP		
UTILITY		
OTHER		

I. Schedule

Tentative Start Date: _____

Projected Completion Date: _____

AGENCY AUTHORIZED REPRESENTATIVE SIGNATURE

_____ Date: _____

_____ Date: _____

ATTACHMENTS:

Audits for each building

Cost justification for HVAC Replacements (audits)

Scope of Work

Photos

Chapter 9 - Training and Technical Assistance

DEFINITION OF TRAINING AND TECHNICAL ASSISTANCE

The Low Income Home Energy Assistance Act of 1981, section 2609A, authorizes Training and Technical Assistance (T&TA) funds to its Grantees and Subgrantees. T/TA funds are for any activity that will maintain and increase the efficiency, quality, and effectiveness of the program. Further, the funds may be used to maximize energy savings, minimize production costs, improve overall program management, crew/contractor work quality and/or reduce the potential for waste, fraud, and mismanagement.

T/TA funds allow for the creation, maintenance, or support of any training program or activity that DHCD finds correct and necessary for the continuance or improved application of the WAP.

This training can be provided directly by DHCD, “out sourced” (training contractor), or individually obtained (Subgrantees may identify and pursue any training necessary). It can vary from office skills training (introductory, intermediary, or advanced computer skills training, accounting classes, management and leadership skills development, etc.) to weatherization skills training (carpentry, framing, minor construction, etc.).

These funds are separate from the Operational or Administrative funds contracted to and received by the WAP providers for weatherization services. T&TA funds do not impact the average cost of weatherization to any units.

Each Subgrantee receives a portion of the overall T/TA budget. DHCD retains a portion for costs related to monitoring, staffing, and conference planning. DHCD also retains a portion to be made available to Subgrantees or to plan and sponsor various Subgrantee activities such as training seminars at the Summer Interchange, etc.

Subgrantees must complete any necessary procurement when purchasing goods and services.

DOCUMENTATION OF TRAINING

Documentation for this training must include the following:

- Training dates and times
- Training location
- Attendees (attendance sign-in sheets counter-signed by the instructors)
- Course content or curricula
- Training schedule, outline, or agenda
- Copies of training materials
- Instructors’ resumes or bios, including list of licenses or certifications
- Procurement documentation

Copies of all training documentation must be retained by the Subgrantee and will be reviewed during a monitoring visit. No training funds for costs will be advanced by DHCD prior to receiving the invoice and any specially required support documentation. Funding used for T&TA is to be focused towards maintaining and/or increasing the efficiency, quality and effectiveness of the WAP at all levels which result in:

- Maximizing energy savings
- Minimizing production costs
- Improving management
- Improving crew or subcontractor work quality
- Reducing the potential for waste, fraud, and/or mismanagement

Examples of acceptable Training and Technical Assistance funds usage include:

- Compliance and Technical Monitoring
- Evaluation Studies
- Energy Audit Training
- Technical Training
- Certification Training
- Lead Safe Weatherization Training
- Management Training
- Training Centers
- Meetings or Conference Attendance
- State Conferences
- Interchanges
- Client Education

Unspent Training and Technical Assistance funds may be reallocated for weatherization operations. Unspent T&TA funds may not be reallocated to administrative or H&S expenditures.

MANDATORY TECHNICAL TRAINING

Required technical training for Virginia Subgrantees' Weatherization Assistance Program technical staff is outlined below.

All courses are currently available through the Energy Solutions Research and Training Center. Courses may be taken elsewhere if preferred.

Required for WAP Retrofit Installer Technicians (Crew Workers) (required within 6 months of date of hire):**

- HEP* Retrofit Installer Technician (RIT) course
- Lead Safe Weatherization (LSW) course
- OSHA 10 or 30 or equivalent safety course

Required for WAP Crew Leaders (required within 9 months of date of hire):**

- HEP* Retrofit Installer Technician (RIT) course
- Lead Safe Weatherization (LSW) course
- OSHA 30 or equivalent safety course
- HVAC Fundamentals course
- HEP* Crew Leader course

Required for WAP Energy Auditors (required within 12 months of date of hire):**

- HEP* Retrofit Installer Technician (RIT) course
- Lead Safe Weatherization (LSW) course
- OSHA 10 or OSHA 30 equivalent safety course
- HVAC Fundamentals course
- ASHRAE 62.2 course
- HEAT software course
- HEP* Energy Auditor course

Required for WAP Quality Control Inspectors:

- Lead Safe Weatherization (LSW) course
- OSHA 10 or OSHA 30 equivalent safety course
- HEP* Quality Control Inspector certification

Required Lead training:

- ***Lead Safe Weatherization (LSW).*** All WAP crew workers and sub-contractors modifying any of the following will be subject to LSW certification:
These include, but are not limited to, ***interior components*** such as: ceilings, crown molding, walls, chair rails, doors, door trim, floors, fireplaces, radiators and other heating units, shelves, shelf supports, stair treads, stair risers, stair stringers, newel posts, railing caps, balustrades, windows and trim (including sashes, window heads, jambs, sills or stools and troughs), built in cabinets, columns, beams, bathroom vanities, counter tops, and air conditioners; and ***exterior components*** such as: painted roofing, chimneys, flashing, gutters and downspouts, ceilings, soffits, fascias, rake boards, corner boards, bulkheads, doors and door trim, fences, floors, joists, lattice work, railings and railing caps, siding, handrails, stair risers and treads, stair stringers, columns, balustrades, windowsills or stools and troughs, casings, sashes and wells, and air conditioners.
- ***Renovation, Repair and Painting (EPA RRP rule).*** At least one WAP crew worker, crew leader and/or sub-contractors working on Weatherization or LIHEAP jobs must complete this class and be accessible on lead-safe jobs. **It is highly recommended that more than one staff member be certified to prevent work stoppage due to lack of compliance.**
Please be aware that this person must be physically present at the work site when signs are posted, while the work area containment is being established, and while the work area cleaning is being performed.

(ii) On or after April 22, 2010, no firm may perform, offer, or claim to perform renovations without certification from EPA under §745.89 in target housing or child-occupied facilities, unless the renovation qualifies for one of the exceptions identified in §745.82(a) or (c).

(3) Individuals. On or after April 22, 2010, all renovations must be directed by renovators certified in accordance with §745.90(a) and performed by certified renovators or individuals trained in accordance with §745.90(b)(2) in target housing or child-occupied facilities, unless the renovation qualifies for one of the exceptions identified in §745.82(a) or (c).

Visit <http://www.epa.gov/lead/pubs/renovation.htm#contractors> for details.

Required OSHA training:

- All WAP employees and subcontractors working on Weatherization and LIHEAP jobs must provide proof of OSHA or OSHA-equivalent training.***

Required Licensing & Credentialing:

- All WAP Energy Auditors must be individually licensed by the Virginia Department of Professional and Occupational Regulation (VADPOR) as Residential Building Energy Analysts.
- Licensed Energy Auditors must work for firms registered with VADPOR to conduct Residential Building Energy Analysis **OR** hold \$100,000 in general liability insurance in individual's name. See www.dpor.virginia.gov for more information on the application requirements.
- All WAP Quality Control Inspectors (QCI) must hold a valid BPI HEP QCI certification as of July 1, 2015.
- Agencies must have a Master HVAC-licensed individual on staff or utilize a subcontractor with this license when repairing or replacing heating and cooling systems.
- WAP Energy Auditors must hold a BPI Multifamily Building Analyst certification in order to audit large multifamily projects (4 stories+).

*HEP stands for Home Energy Professional. These courses meet the Job Task Analysis (JTA's) for the specific job roles being performed and are accredited by the Interstate Renewable Energy Council (IREC).

**Timeframe allowed for training is *reduced* when employee is elevated to higher classification. (i.e. Trained Crew Worker promoted to Crew Leader will be given 6 months for additional training. Crew Leader > Energy Auditor will be allowed 9 months for additional training.

***OSHA-equivalent training will be approved by DHCD on a case-by-case basis. It is the responsibility of the Subgrantee to provide proof of equivalency i.e. certificates, training manuals, syllabi, etc.

It is the responsibility of the Subgrantee to notify both DHCD and Energy Solutions Training Center when both staff or subcontractor; certifications, licensing, and job classification changes occur.

Visit <https://www1.eere.energy.gov/wip/guidelines.html> for details.