

WEATHERIZATION ASSISTANCE PROGRAM CLUSTER

81.042 WEATHERIZATION ASSISTANCE PROGRAM FOR LOW-INCOME PERSONS

93.568 LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

State Project/Program: WEATHERIZATION ASSISTANCE PROGRAM FOR LOW-INCOME PERSONS HEATING AND AIR REPAIR AND REPLACEMENT PROGRAM

U. S. Department of Energy and U. S. Department of Health and Human Services

Federal Authorization: 10 United States Code (U.S.C.) 6851-6872 and 7191; Title 10 Code of Federal Regulations, Chapter II, Part 440 , Section 440.1-3; 440.10-30; and Part 600, Section 600.1-30: Public Law 96-294

Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended (Public Law 97-35, as amended), 42 USC 8621-8629. 45 CFR part 96, 45 CFR sections 96.80 through 96.89

**N. C. Department of Health and Human Services
Office of Economic Opportunity**

Agency Contact Person – Program & Financial

Zack Hamlett
(919) 715-5850
Zack.Hamlett@ncmail.net

N.C. DHHS Confirmation Reports:

SFY 2008 audit confirmation reports for payments made to Counties, Area Programs, Boards of Education, Councils of Government, District Health Departments, DCD State Level Contractors and HRSA Bioterrorism Grant Sub-recipients will be available by around late August to early September at the following web address: <http://www.dhhs.state.nc.us/control/>

At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2007-2008)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2006-2008)”.

The auditor should not consider the supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current. The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

I. PROGRAM OBJECTIVES

The objectives of the Weatherization Assistance Program (WAP) for Low-Income Persons are to conserve energy and reduce the impact of rising energy costs on low-income individuals, particularly the elderly, the disabled, families with children and households with a high energy burden and high energy users, through the installation of energy conserving measures in their dwellings. The objectives of the companion Heating and Air Repair and Replacement Program (HARRP) are to increase energy efficiency and reduce energy costs by cleaning, tuning, repairing and/or replacing inefficient heating and air condition systems in the dwelling units of low-income families.

II. PROGRAM PROCEDURES

The WAP and the HARRP are administered by the N.C. Department of Health and Human Services (DHHS), Office of Economic Opportunity, 222 N. Person Street, Raleigh, North Carolina 27601, (919) 715-5850.

WAP funds are obtained by the State after the submission of a State Plan to the U.S. Department of Energy (DOE) which describes the proposed weatherization projects and contains a budget, a production schedule of dwelling units to be weatherized with grant funds, a monitoring plan, training and technical assistance plan, rental procedures and a health and safety plan. Upon approval, the State receives funds from DOE and enters into contractual agreements with local administering agencies that have been approved as local subrecipients. Local recipients are required by federal rules to be local community action agencies or other nonprofit agencies and local governments who have demonstrated ability to provide weatherization services. Program subrecipients are identified in the WAP Annual State Plan, which is approved by the Regional DOE. Additional funds are made available to subrecipients for weatherization services and HARRP through Low Income Home Energy Assistance Program (LIHEAP) funds. LIHEAP funds utilized for weatherization activities and for HAARP are received from the North Carolina LIHEAP Block Grant Program. Approximately 75% of the LIHEAP funds obtained are used for weatherization services with the remaining amount used for HARRP. Funds are allocated to subrecipients in WAP and HARRP on a formula basis. After allocation amounts are determined and distributed to subgrantees, applications are submitted by local subrecipients to OEO, the applications are reviewed and contracts are issued. Each contract identifies the operating terms and conditions which include the purpose of the agreement, period of performance, line item budget, budget amendment provisions, accounting and program records requirements, subcontractor requirements, allowable costs provisions, audit requirements, honesty and fidelity bond requirements, travel requirements, publication and publicity requirements, discrimination prohibitions, property management standards, reporting requirements, expenditure limitations, training and technical assistance requirements, and number of units to be weatherized. Subrecipients are required to submit monthly financial expenditure reports and quarterly program reports during the grant period. Grant funds are disbursed by the DHHS Office of the Controller to subrecipients on a monthly basis. On-site assessment visits are made to subrecipients by state staff to examine financial records to determine compliance with federal, state, and local rules and regulations; to review programmatic documents to determine client eligibility and to evaluate the quality of the work performed on completed dwelling units. Correspondence summarizing the results of on-site monitoring visits is shared with subrecipient officials.

III. COMPLIANCE REQUIREMENTS

A. Activities Allowed or Unallowed

WEATHERIZATION ASSISTANCE PROGRAM CLUSTER

Funds may be used for the following:

- a. The cost of purchase and delivery of weatherization materials (10 CFR section 440.18(c)(1)). Funds may only be expended on weatherization materials listed in Appendix A of 10 CFR part 440 or as approved by DOE.
- b. Labor costs in accordance with 10 CFR section 440.19.
- c. Transportation of weatherization materials, tools, equipment, and work crews to a storage site and/or to the site of weatherization work (10 CFR section 440.18(c)(3)).
- d. Maintenance, operation, and insurance of vehicles used to transport weatherization materials (10 CFR section 440.18(c)(4)).
- e. Maintenance of tools and equipment (10 CFR section 440.18(c)(5)).
- f. Purchase or annual lease of tools, equipment and/or vehicles, except that any purchase of vehicles shall be referred to DOE in every instance (10 CFR section 440.18(c)(6)).
- g. Employment of on-site supervisory personnel (10 CFR section 440.18(c)(7)).
- h. Storage of weatherization materials, tools and equipment (10 CFR section 440.18(c)(8)).
- i. The costs of incidental repairs to make the installation of weatherization materials effective (10 CFR section 440.18(c)(9)).
- j. The cost of liability insurance for weatherization projects for personal injury and property damage (10 CFR section 440.18(c)(10)).
- k. The cost of carrying out low cost/no cost weatherization assistance (10 CFR section 440.20).
- l. The cost of WAP financial audits in accordance with 10 CFR section 440.23.
- m. Administrative costs (10 CFR section 440.18(c)(13)).
- n. The costs of eliminating health hazards necessary to ensure the safe installation of weatherization materials (10 CFR section 440.18(c)(15)).
- o. Leveraging activities, as specified in leveraging section of the State Plan and grant agreement (10 CFR section 440.18(c)(14)). Leveraging entails a State obtaining additional program-targeted non-Federal or in-kind contributions as a result of WAP funded activities. Leveraging should be limited to contributions that can be clearly attributed to a State's weatherization activities and that are used to augment those activities.

Unallowable activities include:

- a. Funds shall not be used to weatherize a dwelling unit which is designated for acquisition or clearance by a Federal, State or local program within 12 months from the date of the weatherization (10 CFR section 440.18(e)(1)).

- b. Funds may not be used to install or otherwise provide weatherization materials for a dwelling unit weatherized previously with grant funds, unless
 - (1) the weatherization activities may be considered “low cost/no cost” as described in 10 CFR section 440.20: inexpensive weatherization materials are used; no labor paid with funds provided is used to install weatherization materials referred to here; and a maximum of 10 percent of the amount allocated to a subgrantee, not to exceed \$50 in materials costs per dwelling unit, is expended (10 CFR section 440.18(e)(2)(I));
 - (2) such a dwelling has been damaged by fire, flood or other Act of God and the repair of the damage is not paid for by insurance (10 CFR section 440.18(e)(2)(ii)); or
 - (3) the dwelling unit was weatherized under the Act or other Federal program during the period September 30, 1975 through September 30, 1985 (10 CFR section 440.18(e)(2)(iii)).

B. Allowable Costs/Costs Principles

Weatherization program costs cannot exceed allowable ceiling amounts per dwelling unit for materials and program operations. These amounts, which are established at the federal level, are adjusted annually.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201.

C. Cash Management

Funds are advanced to local grantees monthly with reconciliations submitted monthly. Cash management requirements are contained in OMB Circular 102, the A-102 Common Rule and OMB Circular A-110.

E. Eligibility

Eligibility for Individuals

A single-family dwelling unit is eligible for DOE weatherization and HARRP assistance if it is occupied by a family unit whose combined income does not exceed 150 percent of the Office of Management and Budget (OMB) defined poverty level. This limit does not apply if a family member has received cash assistance payments under Title IV or XVI of the Social Security Act during the 12 months preceding the determination of eligibility for weatherization or HARRP assistance (10 CFR 440.22(a)).

Special eligibility requirements apply to buildings containing rental units (10 CFR 440.22(b)).

When making eligibility determinations, priority must be given to eligible applicants who are elderly, disabled, or households with small children, are energy burdened or are high energy users (10 CFR 440.16(b)).

F. Equipment and Real Property

Title to equipment purchased by a local WAP/HARRP grantees vests in the local grantee. Local governments are required to follow the A-102 Common Rule for equipment acquired. Non-profit grantees are required to follow the provisions of OMB Circular A-110 for equipment acquired. The definition of equipment is provided in the WAP/HARRP contract agreement.

Real property is not an allowable purchase.

G. Matching, Level of Effort, Earmarking

1. **Matching** – Not Applicable

2. **Level of Effort** – Not Applicable

3. **Earmarking**

- a. Administration costs for WAP is limited to five percent of the grant award; however, DOE rules allow an agency that receives less than \$350,000 in DOE funds to use an additional 5% of their DOE funding for administration costs if budgetary approval is provided. Justification for charging an additional amount up to 5% includes an indirect cost rate that results in charges that exceed the initial five-percent
- b. Administrative costs for HARRP, which is 100% LIHEAP funded, are limited to 5%.

H. Period of Availability

The grant period is one year and extends for the period July 1 through June 30.

I. Procurement and Suspension and Debarment

WAP/HARRP contractors are required to follow procurement procedures contained in the A-102 Common Rule and OMB Circular A-110.

Grantees are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all nonprocurement transactions (e.g. subawards to sub-recipients).

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform to federal agency codifications of the grants management common rule accessible on the Internet at <http://www.whitehouse.gov/omb/grants/chart.html>.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at http://www.doa.state.nc.us/PandC/agpurman.htm#P6_65

J. Program Income

The requirements for program income are found in 10 CFR 440.

K. Reporting

Grantees are required to make the following information available to the Department:

1. Client information, material and labor expenditures, and accomplishments as specified in the Accountable Results for Community Action database.
2. A monthly financial status report, by the tenth working day of the month to cover the preceding month's expenditures, and
3. A final financial closeout report of the contract is required to be submitted forty-five days after the contract end date.

M. Subrecipient Monitoring

Monitoring of subgrantees is conducted by the State agency and no testing at the local level is required.

N. Special Tests and Provisions

Conflicts of Interest and Certification Regarding Overdue Tax Debts

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are subject to the financial reporting requirements of G. S. 143C-6 effective July 1, 2007. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. 143C-6-23(b)) and a written statement (if applicable) that the entity does not have any overdue tax debts as defined by G. S. 105-243.1 at the federal, State or local level (see G. S. 143-6-23(c)). All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the sub-grantee accountable for the legal and appropriate expenditure of those State grant funds.