



**DOE ON-SITE MONITORING REPORT  
WEATHERIZATION ASSISTANCE PROGRAM  
STATE OF DELAWARE**

**Grantee:** Delaware Office of Community Services  
Division of State Service Centers  
1901 N. Dupont Highway  
New Castle, DE 19720

**Date of Visit:** March 22-25, 2010

**Grant:** DE-EE0000174

**I. SUMMARY**

On March 22-25, 2010, David Kirschner, National Energy Technology Laboratory (NETL) Project Officer, conducted an on-site monitoring assessment of the State of Delaware's Weatherization Assistance Program (WAP). An exit conference was held at the Grantee's office on April 21, 2010 to discuss any concerns identified during the most recent visit.

The on-site monitoring assessment included a review of administrative and programmatic operation of the Delaware WAP, as well as visits to one Subgrantee agency and 13 client homes.

Findings, corrective actions, concerns, and action items have been identified and included in this report. The Grantee will be required to provide their response within the time specified.

As part of the oversight responsibilities under the American Recovery and Reinvestment Act of 2009 (ARRA), the Department of Energy (DOE) will conduct more frequent monitoring visits of the WAP. As a result of findings in the May 22 visit, DOE staff will continue the monitoring assessment of the DE WAP during the weeks of May 3, 2010 and May 10, 2010. DOE has worked with the Grantee to arrange visits to the Subgrantees and additional client homes.

**A. Purpose of Review**

The on-site monitoring visit was conducted for the ARRA Formula Grant for Delaware's WAP as part of DOE's oversight and monitoring requirements.

The purpose of the visit was to determine the Grantee's adherence to their State Plan, to identify program strengths and areas needing improvement, to help identify success stories, to evaluate the program against Federal and State regulations, and to determine how DOE can assist the Grantee going forward.

The purpose of the review of client homes was to determine the effectiveness of the program in terms of work quality and to help identify areas of improvement at all levels of management. This review is used to develop recommendations and corrective actions to be provided to the Grantee's management team.

## **B. Process**

On March 22, 2010, an entrance conference was held in the Debnam Conference Room in Delaware.

### Attendance:

DOE: David Kirschner, DOE, NETL

Grantee: Delaware Health & Social Services, Division of State Service Center (DSSC): Sonya Battle, Hansella Cannon, Theresa Ciccoli, Kenneth Davis, Mary Dupont, Michele Johnson, Harry Roberts, Milton Steltz

- Discussed the purpose of the visit, an overview of the program, and an introduction of staff and their responsibilities. Next, the Grantee staff and DOE Project Officer proceeded to discuss the on-site monitoring checklist.
- A conference call was held to discuss how the Grantee computes jobs created under ARRA per DOE and OMB requirements. Since Delaware WAP uses a fixed price list to pay contractors and does not track hours by fund source, the Grantee should write a written procedure for calculating jobs. This procedure will be used by the Delaware Program Office and Fiscal Office for validation.

On March 23, 2010, David Kirschner, Ken Davis, and appropriate DSSC staff worked to complete the on-site monitoring checklist.

On March 24, 2010, the Grantee Program Manager and DOE Project Officer were joined by DOE Technical Contractors Kelly Cutchin and Tony Gill, who serve as DOE technical assistants to help identify best practices and areas for improvement in the field, and Ed Minch, a contracted auditor with Energy Services Group (ESG) who performs the audits for both Subgrantees. The group met and was joined by Karen Brady at the Subgrantee, Neighborhood House, Inc.'s location. Six client homes were visited including one in-process unit and five completed units.

On March 25, 2010, the Grantee Program Manager, DOE Project Officer, and DOE Technical Contractors, Ed Minch and Karen Brady, arranged to visit seven additional client homes.

On April 21, 2010, the Grantee Program Manager, DOE Project Officer, DOE HQ Project Specialist, DSSC Fiscal Officer, DSSC Division Director, Program Manager Assistant and Internal Controller met to discuss concerns and actions that would be required by the Grantee to meet DOE's requirements.

## **C. Financial Review**

The financial review is based on information provided to the DOE Project Officer during the most recent visit. Please note that the financial portion of this report and the review by the DOE Contracting Officer will be provided at a later date. This portion of the review highlights concerns and action items related to Delaware's financial review by the DOE Project Officer.

1) **Concern: The A-133 Audit performed shows material deficiencies identified by the State Auditor.**

Delaware Health & Social Services Office has issued a Corrective Action Plan addressing all of the findings identified during the most recent Audit. DSSC will institute a written internal review/quality control process/procedure to ensure that Request for Proposal (RFP) processes are conducted properly.

**D. Administrative – Award File and Personnel Review**

The Grantee has done a good job of maintaining their Award file and staying current with reporting requirements. The following are concerns and action items in the administrative area based on conclusions during the on-site monitoring assessment.

The following requires a response within 15 calendar days.

- 1) **Concern:** The Initial and Final Audits are being performed by the same Company, ESG Services. ESG also performs air sealing in homes weatherized. The reason for the concern is that the same company is performing both the Audit and a portion of the actual work performed.
- **Action Item:** This concern will require further investigation by DOE. There is a potential conflict with the same company performing the Initial Audit, Final Audit, and Air Sealing. A sign-off and a back-draft test shall be required at the completion of the Final Audit.
  - **Action Item:** The Subgrantee shall ensure a copy of the Priority List is included in each file to assist with the Initial Audit.
- 2) **Concern:** The Grantee is currently not meeting the Monitoring Requirements per the State Plan. Currently, the State's Monitor has monitored a total of 83 out of 508 units (20%) and an additional 20 work-in-progress units (4%). The percentage of client files reviewed was not determined during the Monitoring Visit.
- **Action Item:** The Grantee is responsible for Client File review of 30% of the files in accordance with the State Plan, and on-site dwelling inspections are to take place in 458 homes (30% of all planned units). The Grantee shall continue to perform monitoring to ensure quality assurance at all levels, per the State Plan. All monitoring should be documented and maintained at the Grantee site.
  - **Action Item:** During the Exit Conference, the DOE Project Officer made the request to the Grantee Program Manager to provide the Subgrantee Monitoring Reports performed by the Grantee. These documents shall be provided per this request.

Citation: Per Annual Guidance WPN 10-1: Section 4.0, the Grantee must conduct comprehensive monitoring of each Subgrantee at least once per year. The comprehensive monitoring must include a review of client files and Subgrantee records, as well as actual inspection of at least five percent of the completed units. Grantees are strongly encouraged to inspect additional "in progress" units in order to assess

compliance with safe work practices, adherence to lead safe weatherization protocols, and other factors that are relevant to on-site, in progress reviews. Grantees may make as many program assessment visits as necessary and for which resources are available. By the close of the program year, the Grantee is expected to have completed a comprehensive review of each Subgrantee, including review of its latest financial audit.

Failure to comply with this requirement is sufficient cause to require special conditions to the grant under 10 CFR 600.212.

Citation: This request is also part of the Corrective Action Plan implemented by DSSC. Effective January 1, 2010, DSSC implemented procedures requiring subrecipients to submit supporting documentation with their reimbursement requests to ensure that the federal requirements are met. Also, as part of the Corrective Action Plan, DSSC implemented the requirement of Subgrantee monitoring documentation effective January 1, 2010. The monitoring by the Grantee of the Subgrantee Neighborhood House, Inc. took place on January 20, 2010.

- **Action Item:** A copy of the contract between the Subgrantee and the Contractor and documentation that shows the Subgrantee's monitoring requirements of the contractors shall be provided to DOE.

Per Appendix B of the Subgrantee's contract, the Subgrantee is required to evaluate the performance of its subcontractors quarterly and report the results of these evaluations to the DSSC.

- 3) **Concern:** The Quality Assurance Monitoring performed at the client homes appears insufficient based on the sample monitoring reports provided to DOE. The Grantee Monitor's Checklist does not document checks (i.e., Air Sealing Quality, Mold Assessment, Type of Home Weatherized, Depth of Attic Insulation). DOE will need to visit homes inspected by the Grantee to further qualify this concern.
  - **Action Item:** The Grantee shall provide any final monitoring reports performed by Bennie Young Contracting Co. on the 13 units previously visited by DOE for review. DOE can assist in modifying the form used by the company to include a more detailed list of checks.
- 4) **Concern:** During the Exit Conference, the Grantee's Program Manager stated that the Grantee communicates DOE Guidance through verbal communication.
  - **Action Item:** The Grantee needs to establish a Flow-Down Procedure for new DOE Program Guidance and Notices, other than through verbal communication with the Subgrantees. All new guidance to the Subgrantees should be communicated in writing.

### **Recommendations:**

- Monthly contractor meetings are suggested to help identify best practices and areas of improvement in the field. This would also enable the Subgrantee to review any changes in training requirements, or revisions to the curricula.

- Include photo documentation in every file for measures identified in the Initial Audit, as well as after all work is completed and a Final Audit is performed.
- The DOE Project Officer believes that the current level of Grantee staffing is inadequate to meet all DOE requirements. The DOE Project Officer recommends the Grantee hire additional personnel such as a Technical Monitor/Trainer, who would be responsible for on-site monitoring and assessing training needs related to field work and programmatic requirements as well as completing client file reviews.

## E. Programmatic Review

Delaware may be experiencing problems due to insufficient staffing and internal controls. The approach taken by the Grantee appears to be contracting out work in order to ramp-up. When hiring contractors to perform important functions such as monitoring, the Grantee should ensure that contractor personnel are performing to expectations. In addition, where invoices submitted do not match work performed, it indicates that there may be a problem with the Grantee's internal controls.

The Training & Technical Assistance (T&TA) activities identified in the State Plan will assist in the development of an effective workforce, but must be enforced with all new contractors and staff. The Grantee should continue to identify and fulfill all contractors' training and technical assistance needs through communication at the Subgrantee level.

Delaware Technical and Community College (Stanton Campus in New Castle County) has developed a Basic Weatherization Maintenance Certification Program, which consists of six core courses. These include: Preparatory Mathematics, OSHA Construction Safety Course, Residential Wiring, Weatherization Theory and Basics, Weatherization Diagnostics, and Lead Abatement and Lead Safe Work Practices. WAP has partnered with the college to provide training for Subgrantee and private contractor personnel. More experienced contractors can pursue a recognized certification and complete the requirements over a 21 month period. ARRA T&TA funding is used to provide 100 full scholarships for workers pursuing work with the WAP.

Delaware WAP will partner with the Laborers International Union of North American (LIUNA) Local 55 to facilitate training for private contractors and provide a quality workforce to the program. The Grantee should ensure LIUNA is providing training to its workforce.

Health and safety training attendance is mandatory. Monthly meetings are held with the Subgrantees to address all aspects of the award progress.

Davis Bacon Certified Payrolls are reviewed and maintained at the state office. DSSC is to provide a written procedure to DOE to confirm that the job reporting requirements are being met.

The Grantee has established Rental Procedures and agreements required by the state which are to be included in the State Plan and utilized in the field to ensure that the benefits of weatherization assistance will accrue primarily to the low-income tenants.

The following requires a response within 15 calendar days.

- 1) **Concern:** The program is not in compliance with the Weatherization energy audit procedures per DOE Regulation 10 CFR 440.21.

- **Action Item:** The Grantee shall follow procedures per WPN 01-4 to revise its energy audit procedures. At that point, the Priority List may be re-approved by DOE as part of a five-year reoccurring requirement.

## **II. PROMISING PRACTICES**

Contracting out additional State monitoring by the Grantee is another best practice as this provides increased monitoring while allowing the Grantee Program Manager to focus on other responsibilities.

Through the utilization of an all independent contractor workforce, the Grantee and Subgrantees are able to control the procedure for client processing.

## **III. CORRECTIVE ACTIONS**

The following corrective actions require a response within 15 calendar days, unless otherwise noted.

- 1) **Finding:** There were billing errors identified in two of the 13 client files reviewed during the onsite visits.
  - **Corrective Action:** 1) The Grantee Fiscal Office is to forward to DOE the invoices that pertain to the client homes visited by DOE on March 24-25. This request also requires the funding source to be verified and to be noted on the invoices. 2) The Grantee shall ensure that invoices or receipts are attached to the price list when issued to the Subgrantee for payment. The final audit should reflect a check against the actual measures performed and any follow-up required.

Per the Contract issued by the Grantee with the Subgrantee, Appendix E, the Subgrantee is required to provide an invoice packet for WAP services to include a copy of private contractor's invoice/receipt from supplier(s) for all materials and/or equipment installed in the client's home.

- 2) **Finding:** There were measures prescribed in the Initial Audit performed by ESG Services, but not performed or applied to the price list by the contractor. When ESG Services performed the Final Quality Check, these uninstalled measures were not addressed.
  - **Corrective Action:** The Final Audit must be modified to address any measures not performed by the contractor, comparing it against the Initial Audit. These measures should require follow-up by the contractor to perform the installation or the measure should be removed from the Price List for invoicing.
- 3) **Finding:** The Subgrantee files included incomplete forms identified as requirements in the Delaware Field Guide (i.e., two files had no final inspection recorded). The Delaware Field Guide dictates the approved priority list for energy measures installed, and based on observations in the homes visited, Subgrantees are not following the Priority List. One example of this is Job Number N09-383862, where there were 11 windows installed, but there was no insulation in the sidewalls.

- **Corrective Action:** The Grantee must provide DOE a plan by **May 10, 2010** to adequately train their network on the requirements in the Delaware Field Guide.
- 4) **Finding:** The Auditor, contractors, and Subgrantee do not appear adequately trained in work processes and practices. The Auditor is not prescribing or enforcing and the contractors are not installing the most energy efficient measures per the Priority List and Delaware Field Guide.
- **Corrective Action:** The Grantee shall ensure that the Subgrantees require training for all contractors. The addition of Dense Pack Insulation Training and Mobile Home Weatherization Training shall be made available.
- 5) **Finding:** The invoicing and file review process used by the Subgrantee needs reviewed by the Grantee to ensure that they are in compliance with their contract. A quality control check should be in place to verify that all material prescribed in the initial audit is actually used on the jobsite. (i.e., if the initial audit calls for 2,000 sq. ft., then if the contractor only performs dense pack on 1,500 sq. ft., he is only entitled to be paid for 1,500 sq. ft.)
- **Corrective Action:** All contractors performing installations as listed on the price list shall be required to provide their measurements and quantity of material used, providing a calculation or reasoning used to verify that measures were performed to the full extent during the final audit. Checks should also be in place for review during the monitoring stage and during Subgrantee's review for payment, as noted in Appendix E of the Subgrantee contract with the Grantee.
- 6) **Finding:** Three Health & Safety related issues were identified in three of the 13 homes visited during the monitoring.

**Corrective Action:** Three issues were identified which required immediate action by the Grantee, and follow-up with DOE. The progress on the issues is as follows.

Item 1: Insulation was installed against chimney. The Grantee has accepted DOE's Corrective Action and changed procedures.

Item 2: CO level concerns in the home. The submitted response is in line with the Delaware Field Guide. DOE recommends a CO Detector be installed.

Item 3: Mold was identified in Client home. Further Corrective Action will be required by the Grantee. The Grantee should refer to Program Notice 10-1 for guidance on how to address mold. Grantee Health & Safety (H&S) Plans are required to include a protocol for dealing with mold found in homes. Delaware's H & S Plan also addresses proper protocol for addressing the presence of Biological Contamination

#### **IV. TECHNICAL ASSISTANCE**

The DOE Project Officer will work to renew the Grantee's Energy Audit. The Energy Audit is required to be renewed every five years, and the Grantee is aware that this is out of date. Please note that the Price List utilized by the Grantee is updated annually.

Technical assistance will be provided by the DOE Project Officer during a revisit to the 13 homes previously visited to ensure that all health & safety and uninstalled measures are performed or corrected by a set date.

The DOE Project Officer will conduct a follow-up visit to monitor additional completed units. When arranging for the next visit of completed units, the Grantee shall ensure that the final audit has been performed on all of these units as well. The DOE Project Officer will be reviewing approximately 20 completed units prior to the next normally scheduled monitoring visit.

The WAP Standardized Curricula will be provided to the Grantee to be shared with the Subgrantees and contractors. In addition, the Core Competencies should be reviewed by Grantee staff. All of these documents are available on the Weatherization Assistance Program Technical Assistance Center Website: [www.waptac.com](http://www.waptac.com).

## **V. IN CLOSING**

The purpose of the on-site monitoring assessment was to evaluate the condition of the Delaware WAP as well as provide assistance in identifying best practices to share with the rest of the program. All comments and recommendations are intended to assist the Weatherization staff in the continual improvement of the quality of work performed by the Delaware WAP.

As a result of the findings during this monitoring visit, DOE plans to revisit Delaware both the weeks of May 3, 2010 as well as May 10, 2010.

We will review the observations and corrective actions identified in the report during our visit scheduled on May 10-12, 2010.

## **VI. CERTIFICATION**

I have conducted this monitoring visit in accordance with DOE standard procedures using the appropriate monitoring checklists for the purpose of forming an opinion on the general administration of the grant.

This was not an audit, and therefore all areas examined were only examined for purposes of obtaining an assessment of compliance with program requirements.

/s/ David C. Kirschner  
 DAVID C. KIRSCHNER  
 NETL Project Officer

May 3, 2010  
 Date