

Summary Report for Delaware DOE On-Site Monitoring Visit May 3-6, 2010

SUMMARY

As follow up to the findings from the March 22-25 monitoring visit to Delaware, DOE Project Officer for Delaware, David Kirschner, assembled a team of individuals to return to Delaware the first week of May to determine the extent of the March 22-25 findings in order to assist Delaware in a path forward.

Three teams were assembled with specific tasks:

- 1) “Monitor the State Monitor” – David Kirschner (NETL Project Officer for Delaware) and Kelly Cutchin (SMS Technical Staff) visiting state monitored units that had been signed off on and determining whether the monitoring/state oversight is being done effectively/efficiently/correctly in accordance to the program standards.
- 2) “Local Agency Process” – Holly Ravesloot (DOE HQ Technical Specialist), Anthony Provenzano (NETL Business Manager) and Ken Feller (SMS Technical Staff) meeting with the state and local agencies to determine the current processes being followed, reviewing files to ensure the process in place is being followed consistently, and making note of any inconsistencies found in review/practices that aren’t consistent with “good work practices” or out of compliance with federal regulations/guidance.
- 3) “Quality Assurance/Reviews” – Dave Ollett (NETL Project Officer), Glen Salas and Dan Vida (D&R Technical Staff, under subcontract to SMS) continue visiting houses (similar to the March 22-25 monitoring) and hitting as many different contractors’ work as possible – looking at the quality of the work and determining whether the issues found in March were isolated or reflect statewide concerns.

Team A -- Monitor the State Monitor

In approaching this task, the team expectations were for the State of Delaware’s State Monitoring staff would be performing two functions as part of their on-site monitoring of homes:

- **Administrative Function:** These are the pieces to be reviewed by the monitor prior to on-site visit to homes.
 - Confirms the file has the necessary eligibility information.

- Determines appropriate information was distributed to the homeowner/tenant.
- Confirms the client file is complete with all the necessary paperwork related to the audit, final inspection, change orders, and invoice.
 - Should also compare the work order to either the priority list or site specific audit print out to determine the appropriate measures were called for in the work order.
- Verifies consistency within the file (what is called for in the work order is consistent with what is charged on the invoice and any deviations are captured in a change order).
 - As part of this, also compares the charges on the contractor invoice with the approved Delaware price list.
- **Technical Function:** Once the administrative function is complete, the State monitor proceeds to the on-site visit. Onsite, the monitor:
 - Determines whether the work was installed correctly and in accordance with the audit recommendations
 - Verifies the diagnostic readings contained within the file by running select tests and replicating and verifying the measurements in the initial audit and final inspection.
 - Scans the home with Infrared camera to verify the materials called for in the work order were installed.
 - Reviews the work order/change orders/contractor invoices to make sure all measures are installed and any deviations are appropriately captured in change orders.

Observations of Delaware State Monitoring Practice

1. *State monitor is going on site visits to homes completed without having the necessary components of the file. This renders the monitoring visit inadequate.*
 - a. *Monitor is unable to perform the administrative function because does not have access to work orders/invoices/final inspection.*
 - b. *Monitor is relying on homeowner to verify work was done.*
 - c. *Without the files, monitor does not have baseline information to monitor against, does not necessarily know what measures were called for in the work order, what materials were supposed to be installed, or what the diagnostic readings were at pre and post weatherization.*
2. *State monitor has not been properly trained in the technical aspects of the program.*
 - a. *Monitor was unaware of the expectations to run diagnostics, verify the results, or what actions he should perform to determine whether a quality job was performed.*
 - b. *Monitor is not equipped with the necessary diagnostic equipment to perform the technical monitoring function.*

- c. *Monitor does not have adequate checklist to work from in monitoring a completed home. The current tool does not prompt the necessary components that should be observed/verified by the state monitor.*
 - d. *Monitor has not been instructed to use the Delaware Field Guide/Technical Standards to determine quality of work or if it is performed to DE standards.*
3. *Monitor observations should identify necessary technical training for auditors, inspectors, and contractors performing the work. Current practice does not capture those necessary aspects.*

Team B – Local Agency Process

In approaching this task, the team expectations were to be able to trace the process throughout the local agency, ensuring the practices are consistent with federal regulations and guidance and identify areas where following other “best practices” may assist the local agencies. Basic expectations:

- Clean correlation in the contracts between the sub-grantee and outside parties to the work being done in the field.
 - An organizational chart including duties and responsibilities for each team member (intake, inspection, invoicing, etc.)
 - Appropriate checks and balances in place (and adequate staffing support) to fulfill those responsibilities at the local agency.
- Complete client files that can easily trace the process from client intake through final inspection.
 - Include a checklist in client files of all the various documentation that should be included and filled out.
- Clear documentation of anything invoiced that isn’t included in the initial work order. Should be easily explained, and include invoices (receipts) for specific items and explanation of why installed measures deviate from the work order.
 - Should include a procurement policy for items not included in the price list, or to use in situations where new rates are negotiated for measures that are included on the price list.
- Quality assurance of work done to the homes.
 - Subgrantee inspects a sample of each contractor’s work, post-final inspection to ensure all contractors (including final inspectors) are meeting program standards.
- Jobs are billed to the State and reported as completed units only after verified complete.

Observations of Delaware Local Agency Process

1. *Process identified by the subgrantee and the process described by the state was not consistent in some areas.*
 - a. *Subgrantee appears to be carrying out direction in accordance to verbal direction given by the Grantee, but, performance does not reflect the necessary oversight expected by a subgrantee. (e.g., selection, negotiation, and monitoring of the auditor; eliminating conflict of interest with one entity performing auditing, weatherization measures, and final inspection function; invoicing practices; etc.)*
 - b. *Organization does not reflect necessary checks and balances expected. The process does not flow with one piece of information building upon the previous, but rather each part appears to be performing independent of one another resulting in disconnects at multiple levels within the process.*
 - c. *Inadequate Staffing levels may be the root of the subgrantee inability to provide the necessary oversight. Adequate staffing is necessary to perform the basic functions.*
 - d. *Lack of documentation – how decisions are being made, why certain measures are being included, who performed the audit/inspection, dates of signatures, etc. reflects poor practices and leaves the whole process at risk of abuse.*
2. *Client files do not have the necessary information available at the time individuals are performing their jobs (e.g., final inspector is performing inspection after the work has been invoiced and paid; state monitor is reviewing units without access to complete file including invoice).*
3. *Client files do not have the necessary documentation necessary to justify the measures being called for by the auditor (measures selected are not consistent with either following the DE priority list OR a site specific audit) and the measures installed may or may not be consistent with the work order.*
 - a. *Invoices show variance from work order without any justification.*
 - b. *Materials are invoiced without following any procurement practices (getting multiple bids) and the materials are not required to meet any specific standards.*
4. *Subgrantee does not have staff (or an independent entity) to monitor the contractors and ensure the quality of all contractors (auditing, installation of measures, and inspection).*
5. *Subgrantee has adopted invoicing practices that are not in compliance with regulations/guidance that dictates that no units may be billed until completed. Current practice is to consider the unit complete prior to the final inspection being performed.*

Team C -- Quality Assurance/Reviews

In approaching this task, the team follows the same methodology as the state monitor and looks at both the administrative paper trail and then the technical aspects of the program.

- The work order reflects the NEAT or MHEA audit run or follows the appropriate DE priority list and captures the appropriate combustion appliance safety testing results– including CO and draft measurements on all combustion appliances (both pre and post weatherization).
- Work installed matches work order. Any change orders (or deviations from the work order) are justified in writing and approved by the auditor responsible for that dwelling
 - Recognizing there may be allowances/cost thresholds that trigger approval and contractor may be pre-authorized for the addition for small-ticket items.
- Final Inspection paperwork is in file and includes verifying that:
 - Audit was performed correctly
 - Work installed aligns with work order and any change orders
 - Work installed in accordance with Delaware Field Guide Standards
 - Post-weatherization combustion appliance safety testing conducted and recorded at final inspection
- Invoices submitted correlate to work order and any change orders
- All documentation of audit, installation, final inspection, etc., should be signed (or initialed) and dated every step of the way.

Observations of Delaware Quality Assurance/Reviews

1. *Inadequate Auditing Practices/Work Order Generation.*
 - a. *State Plan calls for the site specific audits to be performed (although DE has been approved to use a Priority List generated from computerized audits). No evidence of the audit or the priority list being used for determining measures being called for in the Work Order. Work Orders call for measures that are not approved on the priority list and do not render any energy savings. Critical measures that would result in energy savings are not called for in lieu of more expensive/less effective measures.*
 - b. *No evidence of diagnostics being performed routinely at pre and post weatherization.*
2. *Correlation between Work Orders and Measures Installed*
 - a. *Measures are on work order and invoice but no evidence of the work being performed. Either the measure wasn't performed by contractor but billed anyway OR this reflects lack of training/use of field guide – contractor does not understand what is being called for on work order resulting in other work being done but, not what was expected.*

- b. Additional materials are installed and billed but no justification or change order is found validating the reason for installing the additional materials.*
 - c. Materials on price list do not reflect any specific standards (cheap/poor quality materials can be selected and the contractor is paid the same price as when higher quality/more effective materials are installed).*
- 3. Program Standards/Expectation not followed in the Final Inspection.*
 - a. Delaware Field Guide and Standards is not being used in determining how measures are installed.*
 - b. Several clients reported the inspector did not look at measures himself but asked client to verify work was performed.*
 - c. Problems observed during this trip are not noted in the Final Inspector's report (e.g., missing materials, insulation falling out of mobile home belly, inadequate roof patches, etc.).*
 - d. Final Inspection diagnostics are not documented (assumed not performed).*
- 4. Inadequate Documentation*
 - a. Files reflected numerous issues with documentation – signatures, authorization, dates, etc. Even if the work were all authorized and followed specific protocols, it is impossible to determine the chain of events based on the lack of documentation in the files.*

CONCLUSION

Observations from the May 3-6 visit did not negate the March 22-25, 2010 monitoring visit findings. The May visit provided additional information and current practices in order to determine the state of the Delaware program and will help DOE in working with Delaware to determine a path forward and the necessary resources to assist Delaware with meeting the Program expectations in specific areas.

This report should not be considered comprehensive but rather a summary of observations and identifies the most critical components that need attention. Other areas/aspects observed are anticipated to be resolved by putting some specific practices into place but, there may be additional areas identified in coming months that were not addressed during the March or May visits that will need additional attention.