

FINAL AUDIT REPORT

DEPARTMENT OF COMMUNITY AFFAIRS

LIBERTY COUNTY WEATHERIZATION ASSISTANCE  
PROGRAM - ARRA SUBGRANT AGREEMENT

SUBGRANT AGREEMENT NUMBER 10-WX-7X-02-49-01-716

SEPTEMBER 18, 2009 THROUGH MAY 31, 2010

ACN 10-C409

Cassi Beebe, CGAP

Audit Evaluation and Review Analyst

Candie Fuller

Inspector General

DEPARTMENT OF COMMUNITY AFFAIRS  
OFFICE OF INSPECTOR GENERAL

May 13, 2011

## TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE</u>
Table of Contents	i
Executive Summary	ii
Introduction	1
Program Narrative	1
Audit Scope and Objectives	1
Methodology	1
Standards	2
Results of Audit	2
Findings and Recommendations	2
Production Goals	2
Reporting Requirements	3
Internal Controls	3
Expenditures	3
Compliance with Weatherization Guidance	5
Conclusion	10

## Executive Summary

In February 2009, Congress enacted the American Recovery and Reinvestment Act (ARRA) which provides for federal funding designed to promote economic recovery, invest in programs, and preserve and create jobs. As a result, ARRA requires recipients to heighten the level of transparency, oversight, and accountability. The US Department of Energy (DOE) was awarded \$5 billion in ARRA funding for the Weatherization Assistance Program; the Florida Department of Community Affairs (DCA) applied for, and was awarded, \$175,984,474 million in ARRA monies from DOE to fund weatherization activities

The DCA Office of the Inspector General conducted an audit of Liberty County Weatherization Assistance Program, ARRA Subgrant Agreement. This review was initiated as a part of the DCA's responsibility to ensure ARRA funds are expended properly. We reviewed the agreement file; expenditures billed to the grant; internal controls; production; reporting requirements; and monitoring for the audit period September 18, 2009, through May 31, 2010.

The amount of weatherization funds awarded to Liberty County<sup>1</sup> for the period reviewed totaled \$636,471.01. The energy efficiency activities performed through the Weatherization Assistance Program save energy and assist the clients in reducing their monthly utility bill. Weatherization grants are allocated to subgrantees based upon a formula combining population and weather data. The types of assistance include, but are not limited to: insulation, weather stripping, water heater wraps, reduction of air infiltration, and the repair/replacement of furnaces and air conditioning systems.

The purpose of our audit was: 1) to determine whether the subgrantee's controls are adequate to ensure compliance with applicable federal, state, and local policies and procedures; 2) evaluate subgrantees for performance with subgrant agreement terms, including requests for reimbursement, document submission, and performance outcomes; and 3) evaluate the effectiveness of subgrantee monitoring completed by DCA and contracted field monitors.

The audit found that 1) the subgrantee failed to meet promised production goals; 2) the subgrantee failed to submit all reports timely; 3) internal controls should be improved in order to safeguard assets and properly account for grant funds; 4) the subgrantee should take decisive steps to ensure they are properly documenting administrative expenses billed to the grant; 5) the subgrantee billed more than the allowable amount in program support costs (fee for service) to the grant; 6) the subgrantee was unable to justify all of the material cost billed to the grant; 7) the subgrantee should improve their compliance with the weatherization guidance regarding the purchase and use of materials; 8) the subgrantee was unable to justify all of the labor billed to the grant; 9) the subgrantee should improve documentation of client income/eligibility, weatherization testing procedures, and weatherization work; 10) the subgrantee should improve documentation of ARRA jobs data; 11) the subgrantee is not following program guidance for prioritization of services and LIHEAP referrals; 12) DCA program staff is not following program guidance during monitoring visits; and 13) Field monitors are not following program guidance during monitoring visits.

The audit findings, control deficiencies, and recommendations as they relate to this audit are further detailed in the **Findings and Recommendations** section of this report.

---

<sup>1</sup> The Subgrant Agreement is between the Department of Community Affairs and Liberty County Board of County Commissioners to provide weatherization services. Liberty County's grant management department is housed within the County Clerk's Office. Therefore, the use of the word 'subgrantee' is intended to mean all County departments that assist in the management of the grant.

---

## *Introduction*

---

### **Program Narrative:**

The mission of the Weatherization Assistance Program is to reduce the monthly energy burden of low-income households (clients) by improving the energy efficiency of the home. The energy efficiency activities performed through the Weatherization Assistance Program save energy and assist the clients in reducing their monthly utility bill. Weatherization grants are allocated to subgrantees based upon a formula combining population and weather data. The types of assistance include, but are not limited to: insulation, weather stripping, water heater wraps, reduction of air infiltration, and the repair/replacement of furnaces and air conditioning systems. A comprehensive home energy audit, which includes diagnostic testing, must be performed on each home prior to services being rendered. Each client's household income must be within DOE's income limits and priority and preference is given to owner occupied, elderly, disabled, and families with children 12 and under.

DCA received \$175,984,474 million in ARRA monies from DOE to fund weatherization activities through the Weatherization Assistance Program. These activities and responsibilities are defined by the DOE Program Notices; 10 CFR Part 440, Federal Register; Section 409.509-5093, Florida Statutes; Chapter 9B-24, Florida Administrative Code; and DOE's State Plan/Master File Worksheet. These regulations state the objectives of the program and the activities that are eligible for funding. They also provide guidance relating to the administration of the Weatherization Assistance Program projects.

DCA enters into a written agreement with each awarded subgrantee. In the agreement, the subgrantee agrees to expend all funds in accordance with the Budget and Scope of Work outlined in Attachments A and B of the agreement. Match dollars are not required but subgrantees are encouraged to leverage funds with other state and federal dollars. Leveraged or matched funds can also be recognized as in-kind services.

### **Audit Scope and Objectives:**

The scope of the audit was an examination of the Division of Housing and Community Development, Weatherization Assistance Program agreement files and documentation supporting claims submitted by the subgrantees for the period of September 18, 2009 through May 31, 2010. The on-site review was performed during the period August 17, 2010, through August 20, 2010, at Liberty County, Bristol, Florida.

The purpose of our audit was: 1) to determine whether the subgrantees controls are adequate to ensure compliance with applicable federal, state, and local policies and procedures; 2) evaluate subgrantees for performance with subgrant agreement terms, including requests for reimbursement, document submission, and performance outcomes; and 3) evaluate the effectiveness of subgrantee monitoring completed by DCA and contracted field monitors.

### **Methodology:**

To accomplish our objectives, we:

- Reviewed subgrantee agreements;
- Reviewed subgrantee files;

- Inspected the Financial Status Reports (FSR);
- Inspected Building Work Reports;
- Inspected invoices and cancelled checks;
- Reviewed the subgrantee's general ledger and compared it to the FSRs;
- Reviewed payroll, timesheets, and work logs;
- Reviewed DCA Monitoring Reports;
- Inspected Field Monitoring Reports;
- Performed on-site inspections of weatherization work;
- Reviewed and analyzed the jobs data reported.

In obtaining and documenting our understanding of selected components of the controls over the ARRA funds, we interviewed subgrantee personnel responsible for the programmatic and fiscal administration of the Weatherization Assistance Program. We also reviewed applicable laws, rules, regulations, and program policies and procedures. Furthermore, we documented our understanding and tested selected controls to determine whether the controls are in place and working effectively.

### **Standards:**

Our audit was conducted in accordance with International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors; and other applicable federal, state and local regulations.

---

## ***Results of Audit***

---

In our opinion, except as noted in the findings and recommendations listed below, the subgrantee complied with applicable rules, regulations and Subgrant Agreement conditions. Exhibit A, which accompanies this report, presents the expenditures of the Weatherization Grant, during the audit period, as reported by the subgrantee.

### **Findings and Recommendations:**

#### **Production Goals**

##### **Finding 1: The subgrantee failed to meet monthly production goals.**

The subgrantee completed 41 of the 93 (44%) dwellings estimated in the subgrant agreement scope of work for September 2009-May 2010.

**Recommendation:** We recommend the subgrantee take decisive steps to increase production in order to meet monthly production goals in accordance with the terms and conditions of the subgrant agreement.

**Management's Response:** As of February 2011 there has been a personnel change in the Weatherization office as well in the work, being completed. There have been a completed total of 38 dwellings combined for the months of February, March and April. 24 combined completed dwellings were required for these months.

## **Reporting Requirements**

### **Finding 2: The subgrantee failed to submit all reports timely.**

Three of nine monthly reports were submitted after the required due date. Additionally, the subgrantee failed to submit the required quarterly jobs data report for the quarter ending 3/31/10.

**Recommendation:** We recommend the subgrantee take decisive steps to ensure that all required fiscal and informational reports are filed in accordance with the terms and conditions of the subgrant agreement.

**Management's Response:** Due to personnel change, reports have been submitted in accordance with the terms and conditions of the subgrantee agreement.

## **Internal Controls**

### **Finding 3: Internal controls should be improved in order to safeguard assets and properly account for grant funds.**

We noted the following weaknesses in the subgrantee's internal controls:

- One employee handles all of the financial transactions for the Weatherization program. The employee processes purchase orders and invoices, processes the checks for signatures, and completes the bank reconciliations.
- The subgrantee does not compare expenditures with budget amounts for each Request for Payment. Additionally, they do not reconcile Building Work Reports (BWR) and Financial Status Report (FSR) with expenditures listed on the general ledger.
- The subgrantee does not have any written accounting policies and procedures or job descriptions.
- The subgrantee does not have an organizational chart that defines the level of authority for the organization.

**Recommendation:** In order to strengthen the financial management system we recommend the following:

- Where possible, the subgrantee should provide compensating controls. For example, someone independent of the receipts and disbursement function should perform bank reconciliation.
- The subgrantee should reconcile the general ledger to the BWRs and FSRs. This is a control that will ensure expenditures are billed correctly and will help eliminate duplicate billing.
- The subgrantee should strengthen control activities by developing written accounting policies and procedures and job descriptions.
- The subgrantee should create an organizational chart that demonstrates clear lines of responsibility and accountability. An organizational chart can facilitate productivity by helping employees understand how the agency works and can be used to eliminate inefficiencies.

**Management's Response:** Due to personnel change, multiple employees now handle financial transactions to ensure proper checks and balances with the program funds.

## **Expenditures**

### **Finding 4: The subgrantee should take decisive steps to ensure they are properly documenting administrative expenses billed to the grant.**

The subgrantee is allowed to bill up to 5.25% of the total amount expended to cover administrative expenses. However, the subgrant agreement requires the subgrantee to maintain

cost accounting records that are supported by backup documents. Three of the twenty-one (14%) expenditures we reviewed were not properly documented. Two expenditures that were included on the ledger under the grant manager's salary were actually overtime for the intake clerk; and the third, an insurance co-pay, was not listed on the ledger but was billed to the grant.

**Recommendation:** We recommend the subgrantee develop a procedure to ensure that the expenditures are fully documented and entered into the general ledger. The subgrantee should also ensure that the amount billed for administrative expenses does not exceed the 5.25% allowed.

**Management's Response:** After the release of previous personnel in this office, the Community Based Economic Council has taken over the administrative expenses that are to be billed to the grant. This also ensures the proper checks and balances for the program funds.

**Finding 5: The subgrantee billed more than the allowable amount in program support costs (fee for service) to the grant.**

The subgrantee is allowed to bill up to 30% of the total amount expended for materials and labor (not including material and labor billed as health and safety). Analysis of the materials and labor line items determined that the maximum amount the subgrantee should have billed as 'fee for service' during the audit period (September 18, 2009, through May 31, 2010) was \$51,741.92; however, the subgrantee billed \$53,599.00 during this time period; an excess of \$1,857.08

**Recommendation:** We recommend the subgrantee take decisive steps to ensure that the amount billed for program support costs does not exceed 30%. We also recommend the subgrantee reimburse the state for expenditures requested in excess of the allowable reimbursement.

**Management's Response:** Steps have been put in place to ensure that the support costs for the program do not exceed 30%. We ask that the state allow the subgrantee to use this excess money of \$1,857.08 towards the weatherization program. However, if the State demands it, the subgrantee will provide reimbursement.

**Finding 6: The subgrantee was unable to justify all of the material cost billed to the grant.**

A total of 41 units were completed and submitted for payment during the audit period (September 18, 2009, through May 31, 2010); for eight of the 41 units, amounts billed on the BWR did not match the general ledger or invoices. These amounts, totaling \$354.16, were reported to be math errors by the subgrantee. Additionally, we found four invoices that were dated prior to the grant period totaling \$1,579.41.

**Recommendation:** We recommend that the subgrantee improve the documentation of charges requested for reimbursement prior to submission. We also recommend the subgrantee reimburse the state for expenditures which it requested and received in the amount of \$1,933.57; for expenditures that were billed outside of the grant period and mathematical errors in the material cost submissions.

**Management's Response:** Documentation of material charges have greatly improved since the release of the previous personnel. We now have all labor and material charges on a two page invoice that are listed by each weatherization priority.

**Finding 7: The subgrantee should improve their compliance with the weatherization guidance regarding the purchase and use of materials.**

We noted the following instances in which the subgrantee failed to follow weatherization guidance:

- Rule 9B-24.008, Florida Administrative Code, requires the subgrantee to account for materials on a job-by job basis; however, we found that the weatherization coordinator was buying solar screen material/frames in bulk and billing them to one unit rather than apportioning them to the appropriate units. This has resulted in weatherized units being billed incorrectly for solar screens. Each weatherized unit is limited to \$6,500, which could result in some units not receiving full benefits because their project was overcharged for solar screens. For three units that had solar screens replaced, the coordinator's practice of billing bulk items to one unit resulted in the agency exceeding the maximum cost for solar screens listed in the weatherization guidance.
- Two items were billed to the grant that were not allowable under the weatherization guidance. A set of stairs was built and billed as a 'health and safety' item and a bathtub was installed and billed as 'minor floor repair'. Previous monitoring reports noted that the subgrantee was installing unallowed measures.

**Recommendation:** We recommend that the subgrantee receive training and technical assistance regarding allowable expenditures, billing of items on a job-by-job basis, and tracking of expenditures. We further recommend that the program conduct additional monitoring visits of the subgrantee in order to ensure they are following program guidelines.

**Management's Response:** Documentation and pictures are available to show where and how much materials are being used for each client. Items are now billed on a job-by-job basis. All measures performed on each dwelling comply with the weatherization procedures and guidelines.

**Finding 8: The subgrantee was unable to justify all of the labor billed to the grant.**

We observed the following instances where labor was not justified by supporting documentation:

- The subgrantee did not reconcile the general ledger to the BWRs or the payroll records; 35 of 41 amounts reported on the BWRs during the audit period (September 18, 2009, through May 31, 2010) did not correspond with either the amounts listed on the general ledger or the hours reported on the payroll records.
- The subgrantee does not appear to be keeping accurate labor logs.

**Recommendation:** We recommend the subgrantee establish a process for reconciliation of the BWR to the accounting and payroll records prior to submission of the FSR. We also recommend that the subgrantee keep a more accurate log of hours worked; rather than the supervisor keeping the log for everyone, each employee should keep their own log and turn it in each pay period.

**Management's Response:** Labor is now justified and documented through the Davis-Bacon paperwork for each contractor, their workers and subcontractors. This paperwork allows us to see just how much time was spent on each clients dwelling.

**Compliance with Weatherization Guidance**

**Finding 9: The subgrantee should improve documentation of client income/eligibility, weatherization testing procedures, and weatherization work.**

Forty-one units were billed to the grant during the audit period (September 18, 2009 through May 31, 2010). We randomly selected twenty-two files and reviewed them for compliance with the weatherization guidance. We also visited eight homes that were weatherized during the audit period. We observed the following:

- Four of twenty-two client files did not contain documentation of household income for all household members; no self-declarations of 'no income' were found to justify the lack of documentation. Additionally, eight of twenty-two clients claimed a disability and received



preference; one of the eight client files was missing documentation of the disability. These errors occurred in the first few months of the program; all of the files for the last three months of the program contained this documentation. Additionally, an interview with the intake clerk indicated that she was aware of the earlier errors and had procedures in place to ensure they did not reoccur.

- One file did not contain a sufficient amount of documentation to determine eligibility. This particular file was for work done on behalf of a Liberty County weatherization program employee. The employee's spouse was employed part time but income records provided indicated the individual worked full time; no documentation of the temporary nature of the full time work was found in the file. We later obtained such documentation from the employer.
- All files contained blower door readings (pre and post). However, in nine of twenty-two files the blower door readings were in excess of the stated maximum but no waiver from DCA was found in the files. This is a repeat finding from monitoring reports; in May 2010 the DCA monitor found that two files reviewed contained blower door readings significantly above the 3000 CFM maximum.
- Two of eight homes visited included measures that were outside the scope of the agreement. For one home, installation of steps was billed on the BWR as 'Health and Safety' and for another home installation of a bathtub was billed as 'Floor and Wall Repair'. Neither of these are allowable under WAP guidance. This is a repeat finding from the monitor reports; in 2007 the DCA monitor found that the subgrantee was installing bath and kitchen vanities, faucets, toilets, steps, and wheelchair ramps and billing them as 'Floor and Wall Repair'.
- All files contained a copy of the utility bill for the month before work began. None of the files contained a copy of the utility bill for the month after the work was completed. However, while the program guidance states that the post utility bill is due 6 months after work is completed, the signed agreement states the post utility bill is due for the month after the work is completed.

**Subgrantee Recommendation:** We recommend the following:

- The subgrantee should continue to ensure that all eligibility requirements are met; they should be diligent in obtaining either documentation of household income for all household members or a self-declaration of 'no income' from the non-working household members. They should also ensure they obtain proof of disability prior to awarding disability preference points to clients.
- The subgrantee should take extra care when conflicts of interest arise. The subgrantee should consider obtaining pre-approval from DCA program staff prior to weatherizing an employee dwelling.
- The subgrantee should submit a waiver request when the post and/or final blower door readings exceed 3000 CFM.
- The subgrantee should adhere to the procedures and guidelines of the program. Only allowed recommended measures should be installed.

**Housing and Community Development Recommendation:** We recommend that the Division review both guidance and agreements for consistency and revise those that have inconsistent due dates.

**(Liberty) Management's Response:** Complete client eligibility and income documents will be provided or weatherization services will not be allowed. Waivers will be requested from DCA prior to weatherizing an employee dwelling. When the final blower door readings exceed 3000 CFM our contractors return to the clients home to and continue, of their own expense, until our air tightness level of under 30000 CFM is met. Prior employees have informed me (Kevin Brown) that the prior coordinator was well aware of the measures previously performed were

outside the scope of work. All work that is now being performed is allowable under the Weatherization Procedures and Guidelines.

**HCD Response:** The HCD concurs with this finding. The WAP 2009 Procedures and Guidelines that were in effect during the OIG audit review of the subgrantee were inconsistent in regard to reporting dates for client utility bill collection. These Procedures and Guidelines were updated and a review of the changes was presented during the 2010 WAP Statewide Meeting held in June 2010. The Agreement and the 2010 WAP Procedures and Guidelines are now in concurrence.

**Finding 10: The subgrantee should improve documentation of ARRA jobs data.**

The subgrantee submitted an incorrect ARRA jobs data report for the quarter ending 12/31/09. They put 'no new employees' but the weatherization program in Liberty County has 6 full time employees who work ARRA weatherization projects. Additionally, they failed to submit an ARRA jobs data report for the quarter ending 3/31/10. Per the subgrantee, they did not report jobs data for these two quarters because they mistakenly believed that only jobs created were to be reported.

**Recommendation:** As stated in the subgrant agreement, the subgrantee is required to collect DOE required information and data including, but not limited, to jobs created/retained. The subgrantee should review the guidance and memorandum regarding ARRA jobs data reporting and ensure they report the correct data in future reporting.

**Management's Response:** Information and data will be collected for ARRA job reports so the correct data will be reported in the future.

**Finding 11: The subgrantee is not following program guidance for prioritization of services and LIHEAP referrals.**

The subgrantee's current prioritization system does not appear to address the DOE requirements. DOE guidance lists the priority of clients with elderly listed as the *highest* priority, indicating that elderly should receive the most priority points rather than the same priority points as classifications lower on the list. The guidance also states that the client priority list should include 'awarding more points the higher the percentage calculation' for high energy burdens.

The subgrantee does a pre-qualification on all clients and places them on a wait list by the date the pre-qualification was completed. Each month the intake clerk calls clients from the beginning of the waiting list and has them come in to complete a full application and provide proof of eligibility. The subgrantee then prioritizes those clients and conducts repairs in order of priority. This is contrary to DOE and DCA guidance which states 'Services are provided based on priority ranking, not on a first-come-first served basis.'

The subgrantee has not complied with the requirement that at least 10% of all clients receiving weatherization assistance will be LIHEAP referrals.

**Recommendation:** As stated in the subgrantee agreement, the subgrantee is required to follow program statutes and regulations in the performance of the weatherization program. We recommend that the subgrantee review the DOE priority list and rewrite their prioritization system to conform to DOE and DCA guidance. We also recommend the subgrantee reprioritize clients on the waiting list to ensure they are prioritized in compliance with the guidance. We recommend the subgrantee implement procedures to ensure that at least 10% of clients are LIHEAP referrals.

**Management's Response:** Due to the amount of jobs completed in the past 3 months and the fast pace that they are completed in we currently do- not have a waiting list. Thanks to

brochures and advertisements provided by DCA and DOE we are processing clients as they provide us with all of their eligibility information. However prioritization is being provided with these clients according to DOE and DCA guidance. Procedures will be put into place to ensure that at least 10% of clients are LIHEAP referrals.

**Finding 12: DCA program staff is not following program guidance during monitoring visits.**

As stated in the WAP Standard Operating Procedures; DCA program staff are required to perform on-site monitoring of subgrantees at least once a year. Program staff members should utilize the monitoring checklist which shall be filled out completely. Once the monitoring visit is complete, the program staff member should draft a monitoring report which is to be mailed to the subgrantee within 35 working days. Also, the program staff member will provide technical assistance as needed.

During our review, we noted the following:

- The monitoring checklist completed in 2010 indicated that clients on the waiting list had been income qualified and priority ranked; however, during our site visit we found that the subgrantee does not prioritize the clients on the waiting list.
- The monitoring checklist indicated that all client files contained proof of income for all household members; however, one of the files reviewed by the monitor was missing proof of income for one of the household members.
- Monitoring staff did not note that the solar screens are purchased in bulk rather than accounted for on a job-by-job basis.
- It does not appear that program staff is following the timelines found in the weatherization policies and procedures. The 2010 monitoring report was issued 85 days after the site visit; policies and procedures require it to be mailed within 35 days.

**Housing and Community Development Recommendation:** The Division should ensure that on-site monitoring is conducted in accordance with policies and procedures.

**HCD Response:** The HCD concurs with this finding. The consultant did not adequately conduct a thorough monitoring visit, missing the three issues raised by the OIG. Since the OIG audit, the consultant has worked with the agency on each of the reported issues to ensure that the subgrantee reaches and maintains compliance. The subgrantee situation regarding each of these issues and the corrective actions implemented by the subgrantee and the Department are as follows:

Prioritization of clients on waiting list:

1. The subgrantee had an extensive waiting list at the time of this audit due to not updating or purging the names on the waiting list according to program eligibility.
2. The 2010 priority checklist had not been income qualified and priority ranked; therefore, the agency could not prioritize clients on waiting list.
3. The subgrantee currently has a shorter waiting list and is prioritizing clients according to program guidelines.

Proof of Income:

1. At the time of the audit, an in-house form was used by the subgrantee to indicate that a person(s) in the household did not have a source of income at the time the Client Intake Form was signed.
2. Since June 2010, the W AP Applicant Self-Certification Questionnaire and Notarized Statement are now used to address the applicant lack of income status.

Bulk purchasing:

1. The Department consultant was aware that subgrantees' crew made the solar screens and purchased the material in bulk however, there were no invoices for this purchase in

any client file, only material and labor costs for installation. Subsequently this issue was missed.

2. The subgrantee no longer utilizes a crew for this activity therefore, the contractor is responsible for procuring the material to build solar screens and only reports per screen cost for material and the labor charge for installation per dwelling.

Late monitoring report:

1. The Department's consultant experienced a substantial increase in the volume of work (monitoring, training and technical assistance activities) after the monitoring visit of May 18-20, 2010.
2. The consultant has been advised that this type of delay is not acceptable and the thirty-five day requirement must be adhered to.

**Finding 13: Field monitors are not following program guidance during monitoring visits.**

As stated in the contractual services agreement, the field monitor will provide oversight of programmatic activities by conducting file reviews of 100% of all client files and on-site inspections of 50% of all houses. Field monitors shall also become familiar with the Weatherization Program Guidelines and follow the Priority List and Assessment Testing Form and BWR to assure that work is completed in compliance with the guidelines. Field monitors are also required to review client files to ensure all required data, documents, and supporting documentation has been obtained or completed. Finally, the field monitors are required to review the accuracy of the client demographics and BWR information submitted by the subgrantee into eGrants.

We observed the following instances in which the field monitors failed to follow program guidance:

- The field monitor does not appear to be reviewing client files in compliance with policies and procedures.
  - Eleven of seventeen client files (65%) that field monitors gave a 'pass' score to contained deviations from weatherization policies and procedures; the field monitor only noted one of the eleven deviations and did not require the subgrantee to correct the non-compliance issue before submitting the unit for reimbursement.
  - Additionally, the field monitor did not report an unallowable measure (bathtub installation) on one of the houses they inspected.
- The field monitor does not appear to be properly reviewing information entered into e-Grants by the subgrantees.
  - We found eight invoices that were entered for an incorrect amount that the field monitors had overlooked.
  - We found four invoices that were dated prior to agreement start date that the field monitors had overlooked.
  - The field monitor also did not observe that for three files the subgrantee failed to include incidental charges within the charges for allowable measures as required by the weatherization program.

**Housing and Community Development Recommendation:** The Division should increase training and technical assistance provided to field monitors.

**HCD Response:** The HCD concurs that based upon the six findings reported by the OIG, the Field Monitor was not completely following the procedures and guidelines as provided in the Field Monitor manual. Since the audit visit date, the following Department sponsored activities have occurred:

1. Monthly conference calls coordinated with the two contracted field monitor organizations to discuss previous month's issues; answer questions; provide clarification; and update field monitors on any subgrantee issues.
2. Refresher webinar training for all field monitors was conducted by Department staff on December 15, 2010.
3. Department consultants have been directed to track and report any field monitor inconsistencies or errors in the client file review and dwelling inspection process to the Department contractual services manager. These issues will be formally shared with all field monitors through scheduled conference calls as needed.

**HCD additional comments:** The audit period covered the period of September 18, 2009, through May 31, 2010. Since the audit completion date and receipt of the audit (April 3, 2011), the subgrantee has undergone a reorganization of its implementation of the Weatherization Assistance Program (W AP). There have been staffing changes; additional oversight activities incorporated; and training on fiscal activities has been provided by the Department's independent fiscal contractor, RMS McGladrey Inc.

This subgrantee no longer utilizes in-house crews for performing the weatherization work; having entered into a sub-agreement with another entity for directly providing all weatherization services. On December 14-16, 2010, the Department consultant visited the subgrantee and conducted a quality assurance visit. In addition, after the OIG Audit Report was provided to the subgrantee, the Department consultant conducted a follow-up training and technical assistance visit during April 26-28.

---

## *Conclusion*

---

We believe that the implementation of the recommendations we have presented will serve to strengthen internal controls and provide greater assurance that the Weatherization Program and ARRA objectives are achieved. While we did observe some weaknesses in the controls and some areas of noncompliance with program requirements, overall, it is our opinion that the subgrantee appears to be successful in meeting the goals of the program.

The assistance and cooperation provided by the personnel of Division of Housing and Community Development and the Liberty County Weatherization Assistance Program during the audit were greatly appreciated.

**EXHIBIT A**

**LIBERTY COUNTY WEATHERIZATION ASSISTANCE  
PROGRAM - ARRA SUBGRANT AGREEMENT**

**SCHEDULE OF AWARDS AND CLAIMED DISBURSEMENTS**

**SUBGRANT AGREEMENT NUMBER: 10-WX-7X-02-49-01-716**

Agreement Amount:

DOE - passed through DCA \$ 636,471.01

Claimed Disbursements<sup>2</sup>:

Administrative Costs	\$ 12,974.08
Materials	\$120,129.67
Labor	\$ 58,533.65
Fee for Service	\$ 53,599.00
Equipment	\$ 0.00
T&TA	\$ 1,220.00
Liability Insurance	\$ 0.00
Health & Safety	\$ 13,643.14

Total Claimed Disbursements: \$ 260,099.54

Amount remaining in the Agreement: \$ 376,371.47

---

<sup>2</sup> Per the Grants Administration System.

AUDIT REPORT DISTRIBUTION SHEET

LIBERTY COUNTY WEATHERIZATION ASSISTANCE  
PROGRAM - ARRA SUBGRANT AGREEMENT

---

SUBGRANT AGREEMENT NUMBER: 10-WX-7X-02-49-01-716

<u>Distribution to:</u>	<u>Number Copies</u>
Secretary	1
Housing and Community Development Division Director	1
Liberty County Board of County Commissioners	1
Auditor General	1
Chief Inspector General	1