

Weatherization Operations Manual

Section 3. Information and Resource Management

Table of Contents	3-1
Introduction.....	3-4
Financial Management	3-4
Financial Reporting	3-5
Monthly Reporting	3-5
Quarterly Reporting	3-6
Third Quarter Certification	3-7
Year-End Reporting	3-7
Success Stories	3-8
Accounting Records.....	3-9
Internal Control.....	3-9
Budget Control	3-9
Budget Revisions	3-10
Required Approval for Specific Costs.....	3-10
Required Notifications	3-10
Allowable Costs	3-10
Administration.....	3-10
Materials	3-12
Program Support	3-12
Categorizing Total Project Costs.....	3-13
Training and Technical Assistance (T&TA)	3-13
Unallowable Costs.....	3-14
Cash Advances	3-15
Program Income	3-15
Payments	3-16
Payment Withholding	3-17

Deposits	3-17
Procurement	3-17
Procurement Standards and Procedures	3-17
Initial Procurement Decisions	3-17
Surplus Property	3-18
Competition	3-18
Pre-Qualified Bidders List	3-18
Priority Businesses	3-18
Methods of Procurement	3-19
Micro-Purchases	3-19
Request for Proposals	3-19
Sole Source or Single Bid	3-19
Cost Analysis for All Procurement	3-20
Procurement Awards	3-20
Procurement Disputes	3-21
Procurement Administration	3-21
Procurement Records	3-21
Personal Property Management	3-22
Inventory	3-22
Control System and Maintenance	3-22
Equipment and Tools	3-22
Disposition of Property	3-23
Minimizing Fraud, Waste, and Abuse	3-24
Client Records	3-25
Uncompleted Dwellings	3-26
Client Files	3-26
WX Online	3-26
Revised Projects	3-29
Adverse Testing Conditions	3-30
Other Files	3-30

Record Retention 3-31

Significant Complaints from the Public 3-31

Monitoring 3-32

Required Approvals from AHFC 3-34

Grant Amendment..... 3-34

Required Reporting and Data Transfer 3-34

Introduction

All Grantees shall be aware of and knowledgeable of AHFC grant regulations and applicable State law as these and the grant agreement shall take precedence should any conflict with this Weatherization Operations Manual (WOM) occur. For DOE funding (formula and BIL grants), the State Plan takes precedence.

The grant agreement details funding guidelines, such as the number of homes required, and specifies requirements for the current program year. This section of the WOM provides additional guidance for managing Weatherization funds and records.

Grantees shall adhere to generally accepted accounting principles.

Grantees shall review their internal policies and procedures for compliance with the requirements of the Weatherization Assistance Program.

Program procedures will encourage the most efficient and effective use of Grantee resources. Information management systems and procedures will be standardized by AHFC to the greatest extent practical and beneficial. Computer software (AkWarm and WX Online) provided by AHFC shall be used to the extent of its capabilities for financial accounting and reporting, in addition to forms provided by AHFC.

AHFC may provide forms to Grantees with the grant, in this manual, and as needed throughout the program year. Grantees may customize non-standardized systems and procedures.

A Grantee's information and resource management shall clearly and thoroughly document Weatherization financial, procurement, personnel, asset, client, and other matters. The Grantee shall provide timely information and reports to AHFC and other entities with oversight authority, as well as Grantee personnel, clients, vendors, and contractors.

A Grantee's information management shall provide necessary security to maintain the integrity and confidentiality of the information. The Grantee shall release confidential information only to Weatherization Program personnel of the Grantee, AHFC, DHSS, and DOE on an as-needed basis.

Financial Management

The Grantee's financial management system must provide for accurate, current, and complete disclosure of the financial results of each dwelling unit served.

The Grantee must account for expenses separately for each funding source specified in the grant agreement(s) executed with the Grantee. Funding sources that require separate tracking include U.S. Department of Energy, DHSS LIHEAP, and AHFC General Funds (state funds).

LIHEAP funds must be expended per the grant agreement.

Other funding sources received through the grant agreement(s) must be expended by the Program Year ending March 31 (June 30 for BIL funding).

Financial Reporting

Reporting schedules are determined by funding source. Grantees that receive state funds only shall report quarterly. Other Grantees shall report monthly. All Grantees shall submit third-quarter certification and year-end reports.

Monthly Reporting

Grantees that receive DOE, LIHEAP, and state funds shall submit the following AHFC forms by the 15th of each month:

- *Monthly Expenditure Report,*
- *Monthly Program Report Check-Off Form, and*
- *Funds Disbursement Request Form*

If a due date falls on a weekend or holiday, the reports are due the next business day.

Monthly expenditure reports shall provide a summary of expenditures by line item using the line items in the grant budget. For each line item, the following amounts shall be provided:

- the grant budget,
- the total of previously reported outlays,
- total outlays this reporting period,
- total outlays to date, and
- the budget balance.

For Grantees requesting advance payments, an estimate of the expenditures for the 60 days following the cutoff date of the report shall be provided according to the major budget categories of:

- administration;
- materials;
- program support;
- other, including health and safety hazards, leveraging activities, liability insurance, financial audits, and
- Training and Technical Assistance (T&TA).

The total amount requested for reimbursement and advance shall be detailed by these same budget categories. This amount is the total of the outlays during the period being reported and the outlays estimated for the next 60 days, less the prior advance.

Note: In addition to monthly reporting, Grantees that receive LIHEAP WX funds also must provide data to DHSS quarterly per DHSS' direction and provide copies of reports to AHFC.

Quarterly Reporting

Grantees that only receive state funds shall submit the following AHFC forms quarterly:

- *Quarterly Expenditure Report,*
- *Quarterly Program Report Check-Off Form, and*
- *Quarterly Disbursement Request Form*

Quarter 1 is due on July 30, Quarter 2 on October 30, Quarter 3 on January 30, and Quarter 4 on April 30.

If a due date falls on a weekend or holiday, the reports are due the next business day.

Quarterly expenditure reports shall provide a summary of expenditures by line item using the line items in the grant budget. For each line item, the following amounts shall be provided:

- the grant budget,
- the total of previously reported outlays,
- total outlays this reporting period,
- total outlays to date, and
- the budget balance.

For Grantees requesting advance payments, an estimate of the expenditures for the 90 days following the cutoff date of the report shall be provided according to the major budget categories of:

- administration;
- materials;
- program support;
- other, including health and safety hazards, leveraging activities, liability insurance, financial audits, and
- Training and Technical Assistance (T&TA).

The total amount requested for reimbursement and advance shall be detailed by these same budget categories. This amount is the total of the outlays during the period being reported and the outlays estimated for the next 90 days, less the prior advance.

If an interim payment is needed between quarters, contact the AHFC Grant Manager or Program Manager.

If an interim payment request is submitted, the quarterly report will still be required.

Third Quarter Certification

Third quarter certification is due by January 30 (April 30 for BIL) of every program year from all Grantees, certifying that all minimum required units will be completed by March 31 (June 30 for BIL).

Year-End Reporting

At the end of the program year, Grantees shall submit final expenditure reports to AHFC no later than May 15 (August 15 for BIL). Grantees that receive state funds only shall submit final reports no later than May 30. This is required even when a grant is amended, because each program year must be closed. The year-end report must contain all information required per the WOM and the grant agreement, including:

- an explanation/report for any unexpended funds;
- Final *Funds Disbursement Request Form*;
- Final *Monthly [or Quarterly] Expenditure Report*;
- Final *Monthly [or Quarterly] Program Report Check-Off Form*;
- Leverage report (Grantees that have no leverage to report, at a minimum, shall submit a report that states, "We have no leverage to report.");
- Minimum dwelling units served (transmitted via WX Online);
- Training & Technical Assistance Report;
- one success story (per pg. 3-8); and
- WX As-Is and WX Post AkWarm files uploaded in WX Online for all completions.

Grantees shall submit two AkWarm files per unit served, except for multifamily units for which the WX As-Is and WX Post AkWarm files are for more than one unit.

Grantees that receive LIHEAP WX funds also must provide data to DHSS per DHSS' direction and provide copies of reports to AHFC.

The Grantee may submit its final financial billing in one or two increments, either as

- one final billing submitted by May 30 (May 15 for DOE, August 15 for BIL), or
- an interim March billing submitted by April 30 (April 15 for DOE, July 15 for BIL) and a final billing submitted by May 30 (May 15 for DOE, August 15 for BIL).
- A Grantee that chooses not to submit an interim billing should inform AHFC of its decision in writing by the due date for the interim billing. This ensures both parties are aware that the Grantee is not seeking an interim payment.

In addition to the above reporting requirements, the Grantee must provide AHFC with the following information if specifically requested by AHFC:

- any records that pertain to the Weatherization Assistance Program;
- a list of any personal or real property purchased with grant funds;
- all management letters concerning audits, relating to the Weatherization Assistance Program within 60 days of receipt by the Grantee;
- All third-party contracts to be approved by AHFC (15 AAC 154.745); and
- Audit reports as required by standard provisions (15 AAC 154.740).

Success Stories

Grantees are required to submit at least one success story as part of the Year-End Reporting. (DOE Subgrantees must submit one story for each DOE formula, BIL, and WRF grant). Grantees are encouraged to submit more than one story per program year.

- Each story shall be about one page and tell how the program improved the home and quality of life for the household and/or how it positively affected the community.
- It shall include a brief description of the pre-WX conditions, the WX measures, and the results/expected outcomes.
- Before and after pictures that illustrate the improvements shall be included.
- Verbal comments from the client/excerpts from a client letter may be included.
- Written permission must be obtained when a client's name will be used/when images will identify the client.
- A signed release must be on file before using client or project information for outreach or promotional purposes. (See Section 6. *Promotional Release*)

A client may decline to be included in a story or promotion.

Accounting Records

Grantee records shall adequately identify the source and application of funds, including information pertaining to grant awards, authorizations, obligations, unobligated balances, assets, outlays, income, and liabilities.

Grantee records must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

A filing system shall be maintained for source documentation, including but not limited to:

- bank statements,
- canceled checks,
- contracts,
- correspondence
- financial reports,
- grant advances and reimbursements,
- grant agreement and award,
- job cost records,
- payroll records,
- tax reports,
- time cards, and
- vendor invoices.

Internal Control

Grantees shall maintain effective control over and accountability for all funds, property, and other assets. Grantees shall adequately safeguard all such funds, property, and assets and assure that they are used solely for authorized purposes.

Cash receipts shall be deposited by a Grantee in a bank account on a timely basis to minimize the security risk of cash on hand. Cash and check receipts shall be received and logged in by a different person than the person who makes the deposits at the bank.

Budget Control

Grantee financial management systems must provide for comparison of actual expenditures with approved budget amounts for each grant.

The average cost per dwelling unit for program and material costs cannot exceed the limits established by AHFC.

Budget Revisions

Budget revisions or project changes requiring a grant amendment (pg. 3-34) can be requested by a Grantee in a letter to the AHFC Program Manager. A request shall provide adequate documentation and justification to determine whether the change will meet all grant and program regulation requirements, and what effect the budget change will have on program effectiveness. The revised budget shall be formatted the same as in the grant award.

Required Approval for Specific Costs

Prior to the grant award, the Grantee will submit a budget and budget narrative to AHFC. Included in the narrative will be requests and justifications for:

- any purchases for items that are not installed in a dwelling unit in excess of \$5,000; and
- cost allocation plans.

Costs that are not approved in the initial budget require prior written approval from AHFC before expenses are incurred by the Grantee.

Required Notifications

Any change to the Grantee's Cost Allocation Plan must be approved by AHFC in writing.

The Grantee must notify AHFC in writing of any significant (exceeding ten percent (10%) of salary base) changes to the Grantee's pay range of management and director positions. This notification must be made by the 30th of the month following the change.

Allowable Costs

AHFC will reimburse a Grantee only for costs allowed under the current grant and this manual. The following subsections further limit allowable costs by budget category.

Administration

Administration covers all costs that are not directly related to the installation of Weatherization measures.

The following are administration costs and cannot be expensed to program costs:

1. accounting;
2. advertising for personnel or program promotion;
3. banking fees;
4. bookkeeping and accounting;
5. consultants,
6. depreciation or use fee for equipment for buildings purchased with non-federal and non-State funds;
7. indirect costs;
8. legal;
9. office space;
10. office supplies;
11. printing;
12. postage;
13. salaries and wages for administrative personnel and Grantee officers, including the following activities:
 - a. accounting,
 - b. board functions,
 - c. budgeting,
 - d. grant preparation,
 - e. personnel,
 - f. preparing non-program reports,
 - g. office management,
 - h. reviewing agency expenses,
 - i. signing checks,
 - j. telephone,
14. telephone;
15. travel and training; and
16. utilities.

Prepaid items exceeding \$200, such as postage meter funds, should not be expensed until actually used.

Administrative expenses must not exceed fifteen percent (15%) of the total allowable program operations expenditures.

All administration costs shall be expensed to funding sources by the Grantee following grant requirements and guidelines.

Materials

There are two subcategories under materials: material and freight. Material costs are the invoiced amounts for Weatherization materials. Freight is the cost of transporting materials from the source or point of receipt to a storage site or the job site by third-party carriers.

Only materials that have been selected according to the priorities required by this manual are allowable.

A maximum of 3 percent (3%) of the grant's material cost may be expensed from AHFC funds as an allowable cost to adjust the material inventory on the books to an actual inventory count or to add materials to inventory.

Eligible energy conservation materials are detailed in Section 8. *Materials Standards*.

Program Support

Program support costs include the following:

1. The cost of purchase and delivery of Weatherization materials.
2. Labor and benefit costs for Weatherization assessors, workers, project site supervisors, and final quality control inspectors. This may include labor for Weatherization material handling at a storage facility. The percentage of the Grantee's Weatherization program manager's time spent supervising the above functions also may be included in this category.
3. Transportation of personnel, tools, equipment, and materials to and from a work site.
4. Vehicle costs related to actual Weatherization work or movement of Weatherization materials to or from storage. Costs associated with the assessment, vehicle maintenance, operation, and insurance costs shall be prorated between program costs and administration when appropriate.
5. Maintenance of tools and equipment. This does not include office equipment, which is expensed under administration.
6. Purchase, rental, or annual lease of tools, equipment, and vehicles shall be prorated under program costs and administration, as appropriate. Only the portion of anticipated use for actual Weatherization work can be prorated to program costs.
7. Storage of materials, tools, and equipment. This may include a prorated portion of rent and utilities if the storage is combined with a Grantee's office facility.
8. Weatherization sub-contract costs.
9. The cost for time spent preparing and purchasing materials.
10. Client intake and eligibility verification.
11. Transport of materials by a third-party carrier.

12. Immunization of Weatherization workers.
13. Testing Lead Blood Levels every 12-18 months for Weatherization workers that disturb lead-painted surfaces.
14. Liability, pollution occurrence, and worker's compensation insurance for Weatherization projects.
15. Fees for disposal and/or recycling of materials removed from a home. This includes costs to backhaul trash from communities that do not have proper disposal resources. It is the responsibility of the Grantee to ensure that all materials removed from the home are not reused or resold. They must be either disposed of in a landfill or recycled.
16. Permits required before work may proceed on an eligible dwelling and associated inspection fees.

Categorizing Total Project Costs

While energy conservation is the primary focus of the Weatherization program, the health and safety of the occupants and building durability also will be addressed.

When reporting Weatherization jobs as completed, Grantees must report total project costs and break down the total into two categories:

- Conservation
- Health, Safety, and Repair

Total costs will be the sum of these two categories.

Conservation Costs	= (A)	
Health, Safety & Repair	= (B)	
Total Costs	= (C)	(A+B=C)

Health-and-Safety items include, but are not limited to, CO detectors, smoke detectors, ventilation, proper egress, etc.

Repair/Building Durability items include, but are not limited to, roof repair, gutters, and other building envelope components necessary for viability of the structure and protection of the conservation measures and safety of the occupants.

There will be Weatherization measures completed that fall under both categories. In such cases, Grantees shall break down the costs appropriately between the categories.

Training and Technical Assistance (T&TA)

Allowed activities that can be charged to T&TA are listed in the grant agreement. Requests to use T&TA funds for other activities must be detailed in writing and

submitted for *prior* approval by the AHFC Program Manager. Additional guidance follows:

1. Labor costs related to client education may be expensed as a program support cost.
2. For DOE-funded jobs only, diagnostic supplies required (e.g., confined space, etc.). Diagnostic and inspection equipment less than \$5,000 also are allowed.
3. T&TA funds that are allowable for Grantee personnel also are allowable for subcontractors acting in the same capacity as Grantee personnel.
 - a. Travel costs and per diem for attending training. Grantees may reimburse subcontractors in the same manner as staff or pay a stipend not to exceed \$300/day.
4. Mileage and/or travel expenses related to assessments or inspections may be charged to T&TA. Wages for quality control and/or third party inspections also may be charged.

T&TA activities must be tracked in a file that can be reviewed during agency monitoring by AHFC. Information should include trip reports, conferences and trainings attended, staff and subcontractors who participated, travel costs and per diem, salaries and/or stipends paid, client education materials costs, descriptions of special projects and related costs, etc.

Unallowable Costs

1. accrued severance pay not historically justifiable;
2. bad debts;
3. contingencies;
4. contributions and donations;
5. entertainment;
6. fines and penalties;
7. food, when in travel status less than 10 hours;
8. fund raising costs;
9. gifts;
10. governor's expenses;
11. Grantee's fees or profit;
12. interest and other financial costs;
13. items/services not installed in a dwelling unit that cost more than \$5,000, which are purchased without prior approval from AHFC;
14. legislative expenses;
15. life insurance on employees with the Grantee as the beneficiary;

16. losses that could have been covered by allowable insurance, other than a reasonable deductible;
17. parking and traffic tickets;
18. publication and printing cost incurred without AHFC approval;
19. the difference in cost between first-class air accommodations and less than first-class air accommodations;
20. tips;
21. training and education that is not related to job duties;
22. travel costs for a traveler's convenience when not required for business;
23. unapproved improvements to a home;
24. unapproved travel outside a Grantee's service area;
25. under recovery of costs under grant agreements; and
26. unreasonable compensation.

Cash Advances

AHFC may advance its own funds to Grantees.

Grantees may request advances per the reporting schedule for the funds they receive. Grantees that receive DOE, LIHEAP, and state funds may request advances monthly. Grantees that receive only state funds may request advances quarterly.

On the monthly/quarterly expenditure report, the Grantee must estimate the cash outlays for the 60/90 days following the end of the reporting period. This estimate is the maximum that is allowable for an advance.

On each month's *Request for Reimbursement*, the previous month's/quarter's advance is subtracted from the request and the new advance estimate is added to it. This keeps the outstanding advance amount at no more than the estimate for the 60/90 days following the end of the reporting period.

AHFC may restrict advances as determined by the grant agreement.

If a Grantee is unable to demonstrate the ability to manage advances properly, AHFC may determine that only reimbursement payments will be made.

Program Income

The Grantee shall maintain records of the source, amount, and disposition of any program income for which it is accountable to AHFC. Program income includes but is not limited to income from:

- fees for services performed, which were funded by the grant;

- the use or rental of real or personal property acquired with grant funds;
- interest earned on grant funds; and
- rebates, credits, discounts, refunds, etc., and interest earned on any of them.

Assets and materials purchased with Weatherization funding may be used for other Grantee services or activities if appropriate rental or other fees are applied to the Weatherization program. However, these other uses shall not detract from the primary Weatherization purpose for which these assets and materials were purchased.

Sale proceeds for Weatherization materials reduce the Grantee's reported material costs and are not considered program income.

Contributions from owners or landlords are not considered program income.

Grantees shall deduct program income not added to Weatherization funds for additional Weatherization work from allowable costs.

Payments

Grantees that receive only state funds may submit payment requests quarterly. Other Grantees may request payments monthly.

Quarterly payment requests shall be submitted to AHFC by the 30th the month after each quarter. Monthly payment requests shall be submitted to AHFC by the 15th of each month. Payment requests shall be accompanied by a quarterly/monthly expenditure report, WX Online data for completed dwelling units if applicable, and all required documentation. Year-End payment requests shall be submitted to AHFC by May 30 (May 15 for DOE, August 15 for BIL).

Allowable and approved costs will be reimbursed by AHFC within 30 days of receipt of the payment request.

The following types of program income are subtracted from the total outlays to date to determine the amount to be reimbursed:

- audit recoveries;
- contract settlements;
- interest earned;
- net proceeds from the lease or rent equipment or vehicles purchased with Weatherization funds;
- net proceeds from the sale of materials, equipment, or vehicles purchased with Weatherization funds;
- rebates;
- refunds; and

- the amount of payments previously requested and as approved by AHFC.

The Grantee shall enter these amounts on the *Request for Reimbursement*.

The following types of program income shall be returned to AHFC at grant termination if they have not already been recovered through the payment request process:

- advances,
- interest income on advances, and
- program income not used for weatherization costs.

Payment Withholding

AHFC may withhold payment to a Grantee if:

- The Grantee is not in compliance with the terms of the grant and other measures have failed to bring about compliance.
- The Grantee is indebted to the United States, the State of Alaska, or AHFC.

Because AHFC only reimburses for actual outlays, no reimbursements can be made for payments being withheld from contractors by Grantees.

Deposits

Grantees shall deposit advances in interest-bearing accounts and report interest as required under Program Income (pg. 3-15).

Procurement

Procurement Standards and Procedures

Grantees shall have written procurement policies and procedures that conform to all grant requirements.

Grantees shall provide copies of their code or standards of conduct to all employees involved with procurement. These standards shall be available for inspection by AHFC during the monitoring process.

Initial Procurement Decisions

Whenever possible or practical, Grantees are encouraged to join with other Grantees in bulk purchases of materials and equipment.

Surplus Property

Grantees shall inform AHFC and other Grantees of the availability of serviceable excess property in their possession.

Competition

All procurement transactions shall be conducted in a manner that provides full and open competition.

Some practices, which are considered restrictive and shall be avoided, include but are not limited to:

- any arbitrary action by the Grantee during the procurement process,
- non-competitive pricing practices between bidders, and
- placing unreasonable requirements on bidders in order to qualify to conduct business with the Grantee.

Solicitations for proposals shall:

- avoid using brand names to describe the qualitative nature of materials or services (When it is impractical to write an effective description, the Grantee may specify “brand name or equal” and list the specific features of the named brand to be met.);
- clearly and thoroughly describe the requirements for the requested materials and/or services;
- identify all requirements that bidders must fulfill; and
- identify the criteria that will be used to evaluate proposals.

Pre-Qualified Bidders List

Grantees may establish and maintain a list of pre-qualified bidders for materials and/or services. A list must include enough current qualified bidders to ensure open competition. Grantees will not preclude potential bidders from qualifying during the solicitation period.

Priority Businesses

Grantees shall take steps to solicit proposals from local, minority, small, and women’s business enterprises.

Methods of Procurement

The Grantee shall determine which procurement instrument (e.g., fixed-price contract, cost-reimbursable contract, incentive contract, purchase order, etc.) is most appropriate for a solicitation and serves the best interest of the program. The cost-plus-a-percentage-of-cost method of contracting shall not be used.

The use of time-and-material contracts may be used only after a determination that no other type of contract is suitable. A not-to-exceed price must be included in all time-and-material contracts.

Micro-Purchases

Micro-purchases may be made when annual costs for the goods or services purchased are not anticipated to exceed \$5,000 during the program year. Grantees may award micro-purchases (\$5,000 or less) without soliciting competitive price quotations if the prices are reasonable and the goods or services do not exceed the needs of the program. Micro-purchases must be distributed equitably among qualified suppliers to the extent practicable.

Note: Grantees shall not construe the provisions under this section as a mandate to avoid competitive procurement practices in general.

Request for Proposals

In addition to the other procurement guidelines in this manual—particularly under Competition, Grantees shall adhere to the following guidelines when issuing a *Request for Proposals* (RFP).

- RFPs shall be publicized to solicit responses from an adequate number of qualified bidders.
- Any responses to publicized RFPs shall be honored to the maximum extent practical.
- Grantees shall have established procedures for evaluating responses.
- The award will be made to the bidder whose proposal best serves the program, with price and other factors considered.

Sole Source or Single Bid

Grantees may procure materials and/or services by noncompetitive proposal without prior approval from AHFC when the Grantee's cost estimate does not exceed \$5,000.

Upon receipt of a sole bid, the Grantee shall compare it to the initial cost estimate to determine the reasonableness of the proposed price.

When responding to an expensive emergency (e.g., a boiler breakdown in winter) or in unique circumstances, if a Grantee's initial cost estimate exceeds \$5,000, written prior approval to solicit a noncompetitive proposal must be obtained from the AHFC Program Manager.

During the current program year, if a single vendor or contractor is anticipated to have—or has had in the prior program year—cumulative contracts totaling more than \$50,000, competitive procurement methods shall be used.

Note: Grantees shall not construe the provisions under this section as a mandate to avoid competitive procurement practices in general.

Cost Analysis for All Procurement

Grantees shall perform a cost or price analysis for every procurement action, including contract modifications and change orders.

The analysis shall include an independent cost estimate prior to issuance of a request for proposal(s). Cost estimates may be established on the basis of a catalog, market prices for products and services sold in substantial quantities to the general public, or prices set by law or regulation. For noncompetitive procurement, consideration also will be given to:

- average profit rates in the community in which the work will be performed,
- record of past performance,
- the amount of subcontracting,
- the bidder's investment,
- the complexity of the work to be performed,
- the risk borne by the bidder, and
- other pertinent factors.

Note: An exception is allowed for micro-purchases. However, Grantees are responsible for paying reasonable prices for goods and services that do not exceed the needs of the program. As any other procurement method, micro-purchases may be subject to monitoring by AHFC.

Procurement Awards

Grantees shall make awards only to responsible vendors and contractors, which possess the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as:

- compliance with public policy,
- contractor integrity,

- debarment status,
- financial, technical, and logistical resources, and
- record of past performance.

Procurement Disputes

Grantees shall have written protest procedures to resolve disputes arising from their procurement practices and shall in all instances disclose information regarding the protest to AHFC.

Each Grantee shall be responsible for the settlement of all contractual and administrative issues arising out of procurement, in accordance with good administrative practices and sound business judgment.

Grantees shall honor its responsibilities to all parties with whom they conduct business transactions.

Procurement Administration

The Grantee shall maintain a procurement administration system that ensures that all parties providing materials and services to the program perform in accordance with:

- the terms of contracts and/or purchase orders, and
- the provisions of this manual and current grant conditions throughout the period of performance established by the Grantee for the materials and services rendered.

Procurement Records

Grantees shall maintain files that record the history of procurement in sufficient detail. These records will include but are not limited to the following:

- contractor selection or rejection,
- cost analysis and basis for current price,
- rationale for the method of procurement,
- selection of contract type, and
- solicitations.

Personal Property Management

Inventory

A Grantee shall have an inventory control system to account for materials, tools, and equipment purchased, installed, inventoried, or in use.

An inventory shall be done at least once a year and the results reconciled with the property records. The difference between the actual inventory and the book inventory shall be documented. Inventory records shall be available to AHFC to review during monitoring.

A Grantee shall maintain a current inventory of all tools and equipment with a purchase price exceeding \$250. The listing shall provide the following information:

- acquisition date;
- acquisition price;
- condition;
- copy of title or manufacturer's certificate of origin (if applicable);
- description, model number, serial number, or other identification;
- funding source;
- location;
- programs used for; and
- supplier.

Control System and Maintenance

A control system must be developed to ensure safeguards to prevent loss, damage, or theft. Shrinkage/breakage of materials exceeding 3% of total materials costs shall be reported in writing to the AHFC Program Manager at the end of the Program Year.

Maintenance must be scheduled and performed to keep property in good condition.

Equipment and Tools

Tools and equipment costing more than \$5,000 individually require prior written approval from the AHFC Program Manager.

Shrinkage/breakage of tools/equipment with a purchase price exceeding \$250 must be noted on the Grantee's inventory.

Disposition of Property

For the purposes of disposition, “property” refers to materials, equipment, tools, vehicles, and supplies. AHFC retains ownership rights of all such property that cost and/or had a value of \$250 or more at the time of purchase and/or acquisition.

The Grantee may dispose of all materials, equipment, tools, vehicles, and supplies according to the policies below without prior approval from the AHFC Program Manager unless otherwise noted.

1. Upon disposal of a vehicle, Title must be transferred and insurance cancelled as soon as possible.
2. For property that cost/had a value of \$1,001 or more at the time of purchase/acquisition, the Grantee may dispose of it using the options below.

The following options (a-e) are not listed in any particular order.

- a. The property may be transferred to another Weatherization Grantee.
- b. The property may be used for another income-based program that the Weatherization Grantee administers.
- c. The property may be offered to another state or local government or tribal organization for use that benefits the local community with prior written approval from the AHFC Program Manager.
- d. Contact the AHFC Program Manager in writing to check whether AHFC chooses to exercise its right of first refusal. Upon receipt of prior written approval from the AHFC Program Manager, the property may be sold per the following guidelines:
 - The property may be sold through a competitive sealed bid process. Notice must be advertised in public locations for a minimum of five (5) working days and include the bid deadline and that payment must be in the form of a check or PO money order. (Accepting personal checks from individuals or cash is not advised.) Longer notice is recommended if the property has a current market value in excess of \$5,000. Notice must be posted in a manner to encourage maximum competition; i.e., through local newspapers or other media, Internet sites, local bulletin boards, etc. Award must be based upon the highest sealed bid.
 - The property may be sold through public auction.
 - If the property is offered for sale through a competitive sealed bid process or auction and there are no takers, contact the AHFC Program Manager. AHFC may request the Grantee to offer the property for sale a second time; AHFC may elect to take title to the property; AHFC may direct the Grantee to take the property to a State surplus site, to a salvage yard, or to a government entity/organization that manages other programs for AHFC; or AHFC will provide the Grantee with written direction.
 - Proceeds from the sale of the property must be used to fund eligible grant activities.

- e. If the property has outlived its useful life, is broken, or is beyond repair, dispose of the property properly. Grantees are encouraged to recycle where possible. Document the rationale for disposing of the property (and why recycling was not cost-effective, if applicable) and update the inventory record.

A complete record of disposition transactions must be maintained in the Grantee's files and must be available for audit by AHFC. Also, update the inventory record.

3. For property that cost/had a value less than \$1,001 at the time of purchase/acquisition, the Grantee shall dispose of it in a safe and proper manner and update the inventory record.
4. Special handling for computer equipment, printers, PDAs, storage devices, and other equipment with memory capability:
 - a. If the equipment is functional and has reasonable useful life, dispose of it per #2 and #3 above (depending upon value) and take steps to ensure that no confidential data will be compromised.
 - b. If the equipment has outlived its useful life, is broken, or is beyond repair, remove the hard drive, portable storage devices/disks and destroy in a manner that will ensure no confidential data is compromised. Dispose of the equipment in a safe and proper manner, preferably via a recycling center unless the cost is prohibitive. Document the rationale for disposing of the equipment (and why recycling was not cost-effective if applicable) and update the inventory record.

Note—Prior AHFC approval is required prior to disposing of any property for a grant that will be discontinued or has been discontinued. A Grantee that will cease to administer the program shall submit a written property inventory to the AHFC Program Manager upon request so that a disposition plan can be implemented.

Minimizing Fraud, Waste, and Abuse

AHFC receives internal and external audits annually. These are available from AHFC's Internal Audit Department.

AHFC issues a Solicitation of Qualification for Weatherization providers (5-year cycle). All respondents are checked for federal debarment.

Grantees awarded funds:

1. Must comply with Federal and State regulations
 - a. See Grant Attachments-required compliances
 - 2 CFR 200
 - 15 AAC 154.700-154.835

- Weatherization Operations Manual
2. Must verify contractors are not debarred from federal contracts
 3. Are required to have a single audit annually (if applicable)
 - Must submit a recent audit to AHFC annually for review
 4. Must receive a Fiscal Audit from AHFC annually
 - Copies are available upon request from AHFC's Internal Audit Department
 5. Must receive an Annual Program Audit that reviews multiple client files for client signatures, proper invoices, confirmation that materials listed are tracked to purchase order, etc.
 6. Must assess each assisted home for eligible improvements and inspect improvements to verify satisfactory completion and fulfillment of work order
 7. Must receive a field review on 5-10 percent of all projects by AHFC to verify:
 - Materials listed are actually installed
 - Materials and labor costs are reasonable
 - The scope of work was agreed to and verified by the client/owner
 - All measures meet the AHFC standards
 - The Grantee acted in a professional manner at all times
 8. Must receive a review of inventory reconciliation by AHFC in the field or during annual program monitoring
 9. Receive Training and Technical Assistance funds to enable annual staff training in administrative and technical topics primarily through targeted conferences (including compliance with federal and state regulations)
 - Can access training online for some subject matters
 - Can obtain OSHA, Lead, and/or Mold training locally
 - Can receive some management and technical training from AHFC
 10. May deny clients suspected of fraud per the client fraud policy on pg. 1-37.

Client Records

The Grantee shall maintain accurate records of all completed dwelling units by client number. The information gathered for the client application and accompanying forms shall be entered into WX Online by the Grantee. Home assessment data shall be entered into AkWarm by the Grantee and/or its designee.

As much as practicable, a client file shall be kept in a centralized location throughout delivery of weatherization services. It is understandable that portions of a file may be in the field at times. Grantees shall make every effort to provide immediate access to documentation to AHFC monitors as necessary. By May 30 (May 15 for DOE), after

reporting is completed for each program year, all client records must be filed in a centralized location.

Uncompleted Dwellings

The Grantee shall maintain accurate records of all dwelling units that are not completed.

When an application is approved, expenses for the dwelling unit begin to accrue. If any time after this point—but before any material is installed—the project is terminated, the following subsections apply:

- **Applicant Request.** If prior to installation of any material, the client does not allow installation of materials, the project will be terminated and closed-out. The Grantee shall attempt to obtain a signed statement from the client refusing Weatherization services. A later application by the same applicant for the same dwelling unit shall not be approved.
- **Applicant Moves.** When a client moves after application approval but before materials are installed, the project will be terminated and closed-out. A succeeding occupant of the dwelling unit—even a former client—may apply for Weatherization services.

Material or labor expenses incurred shall be charged against the dwelling unit that was not completely weatherized. For the record, the dwelling unit shall not be considered completed unless materials exceeding \$50 have been installed in the dwelling unit, in which case the dwelling unit is considered completed.

Client Files

WX Online

Grantees shall use the reporting function in AHFC's WX Online software. WX Online training will be coordinated with AHFC as necessary. Participation will be required.

Grantees shall use AHFC's WX Online software to assign a client number to each dwelling unit improved with WX funds—whether the unit qualified for WX funding or received whole building work.

Most client records will be in the applicant's name. Exceptions follow:

- A. Grantees shall enter "**Vacant**" in the last name field for a vacant dwelling unit that does not qualify for funds but receives whole building performance work. The unit shall count as a completion.
- B. Grantees shall enter "**Vacant Q**" in the last name field for a vacant dwelling unit that qualifies for funds (i.e., a unit with a history of occupancy by eligible tenants

and/or the landlord has committed to rent the unit to an eligible tenant). The unit shall count as a completion.

- C. Grantees shall enter “**Tenant OI**” in the last name field for a dwelling unit that receives whole building performance work, which is occupied by a tenant that does *not* complete an application *because the household most likely is over-income*. The unit shall count as a completion.

A landlord might decline to provide a tenant’s name when the building already qualifies for whole building performance work based on the eligibility of other tenants. The landlord’s intent is to protect privacy of the tenant. In such cases, “Tenant OI” is allowed.

- D. Grantees shall enter “**Tenant NE**” in the last name field for a dwelling unit that receives whole building performance work, which is occupied by a tenant that is *not eligible due to failing to complete an application*. The unit shall count as a completion.

This situation might be similar to “C.” above, or the tenant is uncooperative. However, the Grantee does not have enough information to assume the household is over-income.

- E. Grantees shall enter “**Shelter**” in the last name field for a unit that receives whole building performance work. The unit shall count as a completion.
- F. Grantees may enter further identifying information in the first name field to help distinguish one vacant, non-qualifying, or Shelter unit from another when viewing the client list; e.g., “Vacant, 113D,” “Vacant, Mountain View”, “Tenant OI, #3”, “Tenant NE, Walker 4-plex,” “Shelter, Safe Haven,” etc.

A hard copy client file shall be maintained that is identified by the client number.

Grantees are not required to enter all Weatherization *applicants* in WX Online. However, Grantees are required to provide wait list statistics to AHFC upon request at any time. Grantees may use the WX Online to track new, ineligible, and/or wait-listed applicants, or they may use other methods.

In WX Online, client records shall be identified by the current program year and funding source(s) (e.g., State, DOE, Owner Contribution, etc.). At any time, AHFC should be able to call and ask the Grantee for a current list of clients and the amounts spent on their homes.

Client files shall be secured to protect the confidentiality of applicant households and the information in the applications. Client files shall be accessible only to authorized program personnel. Information from a client file shall not be released without written authorization from the client.

A client file shall include:

- application;
- *Application Review* completed by the Grantee’s intake person;

- client signature on the following
 - a. application
 - b. *Fuel Information Form*
 - c. Permission to provide weatherization assistance to the property
The Grantee may include this on the application or other form before providing assistance. For rentals, it is included on the LTA.
 - d. Asbestos booklet receipt (DOE-funded projects only)
 - e. *Mold Disclaimer*
 - f. *Radon Informed Consent* (DOE-funded projects only)
 - g. *Renovate Right* brochure receipt (for pre-1978 homes)
 - h. any other Health-and-Safety or special conditions notices (if applicable)
 - i. Home work plan before work begins (and on change orders and *Additional Work* if applicable)
 - j. acceptance of completion of work;
- income qualification;
- *Landlord-Tenant Agreement Permission to Enter Premises/Rental Agreement* (if rental dwelling unit);
- *Landlord-Tenant Agreement Addendum* (if rental dwelling unit);
- ownership verification;
- year built verification;
- prior WX review (and *Prior WX Certification* for DOE-funded projects);
- needs assessment;
- *Pollution Source Occupant Survey* (DOE-funded projects only. See Section 7, #9);
- pre- and post-WX blower door tests, depending on conditions;
- WX As-Is, IOR and WX Post AkWarm printed reports;
- pressure diagnostic testing results;
- combustion safety testing results;
- *Combustion Safety Testing Report* (DOE-funded projects only);
- home work plan and/or *Description of Work*;
- written justification of accrual of benefits to tenant;
- fuel switch justification (if applicable);
- SHPO compliance for state-funded measures (and for DOE-funded measures, as applicable);
- project costs (materials, labor, freight) [DOE Subgrantees also must include a break-out of DOE-/LIHEAP-funded measures/materials.];
- *Economic Analysis of Refrigerator Replacement* (if applicable);

- Installer certification of insulation signed by contractor or Grantee (if applicable);
- Lead Based Paint forms (for pre-1978 homes or when the year built is unknown), including lead clearance documentation;
- final inspection (QCI required for DOE-funded projects.), final inspection punch list (if applicable), and completion of work sign-off by client and Grantee;
- *Maximum Depressurization Data Sheet* (For DOE-funded projects; use *Combustion Safety Testing Report* instead.);
- heating system inspection;
- ventilation compliance (ASHRAE 62.2 2016 print-out for DOE-funded projects);
- Grantee sign-off of placing decal on electric box;
- *Agency WX Post Measures Checklist* (If DOE-funded, use QCI inspection form instead. If only LIHEAP-funded, the *LIHEAP Inspection Form* may be used instead. Note: Grantees may choose to use the QCI form for any project.);
- photographs; and
- waiver requests and approvals (if applicable).

A client file also may include:

- *Authorization for Release of Information*;
- *Confined Space Evaluation Form*;
- *Disposal Authorization*;
- documentation supporting priority rank;
- field supervisor change list;
- home identified on location map;
- video – visual and/or infrared; and
- work orders.

For additional client file requirements, see Section 1. *Application Requirements* and applicable forms provided in Sections 2, 4, 6, and 7.

Revised Projects

After a project has been transferred to AHFC, additional work may be required as a result of other allowable uses of funds pre-approved by the AHFC Program Manager (per pg. 1-39), an inspection, monitoring, or a warranty request. When additional work will be provided *after* a client has certified completion of work (whether the job has been transferred or not), the client shall certify that the Grantee has informed the client of the additional work before the additional work is started. The client also shall certify completion of the additional work. The *Additional Work* form in Section 6 shall be used for this purpose. The associated costs must be recorded and, in some cases, reported to AHFC.

- **For a transferred project that incurs additional costs during the same Program Year (PY),** the additional costs shall be recorded in the project record. Additional work typically creates a modest increase to overall project cost.

When additional costs exceed \$1,000, the Grantee shall resubmit the project as a revision to AHFC via WX Online. Revised projects shall not be counted as completions.

- **For a transferred project that incurs additional costs during a subsequent PY,** track all warranty expenses in a hard copy client file called “Warranty [current PY].”

Each PY, the Grantee shall create a warranty file for additional costs incurred for past PY projects. Each expense shall reference the respective former PY and client number (e.g., 09-1234). Justification for the warranty work for each project shall be kept in the file. Any required client eligibility updates also shall be kept in the warranty file.

The Grantee shall charge warranty expenses to WX general program costs in accordance with this manual and its AHFC WX grant agreement.

Note: A separate warranty file for each project is *not* required by AHFC. Grantees are *not* required to create a separate budget item for WX warranty expenses. However, Grantees may develop additional internal procedures to track warranty work and associated expenses.

At any time, AHFC should be able to ask the Grantee for a current list of warranty clients and the amounts spent on their homes.

Adverse Testing Conditions

Pre- and post-WX blower door tests are required on all homes except when the following conditions are present during the tests:

- extreme low outside temperature,
- high winds,
- lack of electricity, and/or
- wood fire burning in wood stove or fireplace.

Grantees shall keep exceptions to a minimum. The reason(s) why a blower door test was not performed must be documented in the client file.

Other Files

Grantees shall maintain the following files on computer or hard copy, as appropriate, in addition to the client files.

- check register and copies of canceled checks or bank statement of cleared checks,
- copies of all invoices,
- copies of all purchase orders,
- correspondence files for all other grant-related communications,
- current copy of the Weatherization Operations Manual and all revisions,
- equipment inventory listing,
- grant correspondence file of communications with AHFC,
- grant file with the latest grant and amendments,
- insurance policies and billings,
- materials inventory listing,
- payroll records,
- procurement documents for proposals and proposal selection,
- subcontracts and related correspondence and payments,
- trip reports, and
- other documents related to a grant project.

Record Retention

A Grantee shall maintain all Weatherization general grant hard copy and computer files for five calendar years after AHFC closes the grant. Client files (hard copy and computer) shall be maintained for three years after the weatherization completion date.

Significant Complaints from the Public

A complaint may be received verbally or through written correspondence. If a complaint is received verbally, the Grantee may request that a written detail of the basis for the complaint be provided.

It is most effective to resolve complaints at the closest level to the complainant. Therefore, it is the responsibility of the Grantee to resolve complaints. Complaints shall be resolved verbally with the client when possible. In some cases, a successful resolution can be obtained by simply restating program guidelines and providing additional client education. When a simple verbal resolution is not adequate, the Grantee shall respond in writing.

A file review and on-site inspection may be necessary, as well as new pictures. Coordinating follow-up by Weatherization personnel, inspectors, suppliers, or installers may be required. The Grantee shall keep the client informed of its activities, timelines, and determinations. All activities and client contact shall be documented

and dated. It is highly recommended that all parties certify the resolution to close the complaint process.

Furthermore, the Grantee shall notify the AHFC Program Manager of any significant complaints such as:

- eligibility challenges,
- personal use of Grantee equipment or materials outside of the Weatherization program,
- unresolved worker etiquette toward a client,
- unresolved workmanship problems, and
- other concerns that are not of a minor nature.

The Grantee shall provide a written summary of the complaint, a copy of the client's written complaint (if one was submitted), actions taken, pictures, and other pertinent information (estimates, AkWarm reports, etc.) to the AHFC Program Manager. The Grantee shall follow any instructions provided by the AHFC Program Manager regarding the handling of the complaint.

On the rare occasion that AHFC should receive a complaint directly, AHFC shall notify the Grantee to resolve the complaint.

A complaint shall be handled in a confidential manner. The name of a complainant shall remain anonymous to everyone outside of Grantee or AHFC personnel with a need to know. If it is apparent that an investigation of a complaint may reveal the identity of a household in the community, the household shall be so notified. The household can then decide if it wants the investigation to continue or not.

Monitoring

AHFC will perform monitoring of a Grantee's performance and records on a regular basis. The Grantee will facilitate both on-site and agency monitoring processes for AHFC program/grant managers or designees. It is anticipated that AHFC staff or designees will inspect a minimum of ten percent (10%) of the units completed by each Grantee. (QCI requirements will apply for DOE-funded units.) Furthermore, at least one on-site office/facilities visit will be conducted during the program year. In some cases, a home may be monitored during weatherization work and again upon completion. Most Grantees will be monitored during several visits throughout the year. AHFC reserves the right to monitor as many projects on site as needed to ensure quality control. Monitoring includes:

- client questionnaires,
- correspondence,
- office visits,
- telephone contacts, and

- visits to dwelling units and clients served.

Performance monitoring of measured results from records and diagnostic tools will be done as appropriate, along with technical analysis of the results. After receipt of an AHFC monitoring report, a Grantee shall make all necessary corrections within a reasonable timeframe established by AHFC and provide sufficient notification of compliance to AHFC. The monitoring report and resulting compliance notification will become part of the grant file.

The following will be monitored during an on-site office monitoring:

- **Financial Records**, including general ledger, posting ledger, bank statements, check register, purchase orders, audit reports, and financial statements;
- **Procurement and Inventory System**, including procurement procedures, inventory control, property control, and security for materials and property;
- **Client Files**, for accuracy, completeness, and required forms; and
- **Program Documents and Records**, including program correspondence, current Weatherization Operations Manual, current grant and amendments, program regulations, OMB circulars for Grantee and subcontractors, client priority system, and client waiting list.

Field monitoring will consist of the following:

1. A minimum of 5% of the dwelling units completed in a year for:
 - a. appropriateness of materials,
 - b. client satisfaction,
 - c. priority selection of measures,
 - d. quality of work, and
 - e. record of materials installed in client files.
2. Units being weatherized for:
 - a. care and use of tools and equipment,
 - b. care of materials,
 - c. neatness of the work site and care for the client's property,
 - d. safety practices,
 - e. work crew appearance, and
 - f. worker conduct with the client.

A Grantee's final inspector is responsible for accompanying AHFC on a monitoring visit to dwelling units served. When an on-site visit involves travel to a rural village, the Grantee shall make necessary arrangements in the village for the visit.

AHFC's approved monitoring plan is provided in Section 2. It further details the monitoring process—including virtual monitoring options, which AHFC may implement at its discretion.

Required Approvals from AHFC

Grant Amendment

The following is a list of decisions for which the Grantee must receive an approved grant amendment:

- a major change in region or minimum number of dwelling units to be completed,
- Budget Revisions exceeding ten percent of the grant award as detailed in the grant agreement,
- change in the materials versus program support budget ratio when program support is to be increased,
- increase or decrease in grant funds,
- increase or decrease in grant period of performance, and
- other changes in the scope of the agreement as determined by AHFC.

Required Reporting and Data Transfer

The following require notification or reporting by a Grantee to AHFC:

1. progress reports on a form provided by AHFC by the due date of the next monthly/quarterly report;
2. dwelling completion data files generated in WX Online;
 - a. At the time a WX Online client record is submitted to AHFC,
 - the household demographics reported shall be based on the most recent application review/verification(s) on file; and
 - the *actual* priority rank assigned to the household based on the most recent application review/verification(s) on file shall be reported—not a higher priority rank assigned solely due to the household being wait-listed 12 months or more. [See Section 1, *Wait List Management*.]
3. WX As-Is and WX Post AkWarm computer files for completed dwelling units uploaded in WX Online.