



Program Year 2019 Energy Audit Reviews

To: All ODOC Agency Weatherization Program Service Providers - Executive Directors, Weatherization Program Managers

From: Amanda Marcott-Thottunkal, Weatherization Program Planner

Regulations: DOE WAP Contract Part II, CAA Requirement 305, CAA Requirement 309

Purpose: To explain ODOC's Energy Audit Review procedures for DOE WAP PY19, as a response to issues identified during DOE's Energy Audit Re-Approval process.

REGULATORY BACKGROUND

Every five (5) years, the U.S. Department of Energy's Low-Income Weatherization Assistance Program (DOE WAP) requires every state to request re-approval of their energy audit software, processes, policies and procedures. On March 27, 2019, ODOC received preliminary DOE feedback regarding our 2019 re-approval process status. DOE reviewed 27 (or approximately 10% of total statewide production completed annually) energy audits (both NEAT and MHEA), along with ODOC policies. Every single audit had issues, and most had significant issues and questioned costs. These significant concerns raised by DOE will not be resolved solely a single training or a modified ODOC policy. Rather, a comprehensive solution is necessary that includes, but is not limited to the following: classroom training, on-site/field training, monitoring, technical assistance, and rewriting of ODOC policies and forms. Meanwhile, while this comprehensive solution is being developed, the issues identified by DOE are significant enough that production cannot continue as normal in PY19 without additional oversight of energy audits to ensure that we, as a state, are not installing unallowable measures or charging unallowable costs to the grant.

DOE WAP Contract Part II for 2019 reads as follows: *"At any time during the contract period, ODOC may require the Subgrantee Recipient to submit NEAT and MHEA energy audits to ODOC for approval before beginning any weatherization work on a qualified home."* At the time of the DOE WAP 19 award, ODOC had not yet determined the exact percentage of audits to be reviewed nor the process for energy audit review. This guidance outlines ODOC's planned energy audit review process and procedures, including the minimum number audits to be reviewed for Single Family Unit Audits (NEAT) and Mobile Home Audits (MHEA).

PROGRAM GUIDANCE

1. **For DOE PY19, all ODOC Weatherization Service Program Providers will be required to submit a percentage of audits for both Single Family Units and Mobile Homes, and receive written**

ODOC audit authorization BEFORE beginning ANY weatherization work on the home. Although the processes below provide a general framework for agency and ODOC planning purposes, at any point during the contract period, ODOC may require a specific agency or all agencies to submit a higher or lower percentage of audit reviews for ODOC pre-authorization, based on the following circumstances:

- a. An agency stops making improvements on their audits and/or previously thought corrected issues are noted to be reoccurring.
 - b. An agency has energy auditor staff turnover.
 - c. Not enough of one fuel type has been reviewed (for example, no Natural Gas or Propane primary heated home audits have been reviewed).
 - d. A new significant problem (that affects SIR or measure allowability) has been noted that was previously not.
 - e. Based on any feedback from DOE or ODOC State QCI or ODOC procured consultant, a change to the percentage reviewed is warranted (such as during a monitoring).
 - f. Funding or budgeting issues with procurement of technical expertise or consultants.
2. At this time, ODOC does not have any plans to require pre-authorization on any Oklahoma Department of Human Service Low-Income Home Energy Assistance Program (DHS LIHEAP) homes. However, ODOC does expect agencies to correct DHS LIHEAP audits based on training and lessons learned during pre-authorization of DOE WAP audits.
 3. Please note that while ODOC will be providing library and energy audit pre-authorization to commence weatherization work, that does not mean ODOC is stating the library or audit is 100% correct. ODOC authorization simply means that, based on the documentation submitted to us, we do not note any discrepancies or red flags at this time. Complete accuracy of an audit can only be determined when a physical assessment has also been completed, and an entire client file review has been conducted. It is possible that during a monitoring visit, energy audit related findings will still be found on pre-authorized audits. Paybacks and other forms of corrective action can still occur on homes that received ODOC pre-authorization on an audit.

Single Family Unit Audits

4. **During the first (1st) and second (2nd) quarters of DOE (June – September 2019¹), 100% of all energy audits must be submitted to ODOC for pre-authorization BEFORE beginning any work on the home.**

¹ No agency scheduled any production for April or May.

5. At the end of the second (2nd) quarter (September 30, 2019), ODOC will evaluate the quality and quantity of audits submitted by each agency to date. If the following criteria is met, ODOC will reduce review to only 50% of planned homes for the 3rd quarter for those qualifying agencies:
 - a. At least 30% of total planned units for the whole program year have received written ODOC authorization.
 - b. Required WX staff have attended a customized Oklahoma NEAT/MHEA training that has been ODOC approved to specifically address the 2019 energy audit deficiencies identified by DOE.²
 - c. Of the number of audits ODOC has authorized, the last 50% or more have been clean audits, with only minor issues noted that would not affect SIRs or measure allowability.
6. If an agency meets the above criteria (a-c), 3rd quarter audit pre-authorizations will be reduced to only 50% of the planned number of units.
7. If an agency does NOT meet the above criteria (a-c) ODOC will continue to review 100% of audits until the criteria is met.
8. In the 4th quarter, ODOC may elect to no longer require an agency to have pre-authorization of NEAT audits, if 100% of NEAT audits reviewed during the 3rd quarter were clean with only minor issues noted (no SIR or measure allowability impacted), or ODOC may decide that a smaller percentage (%) such as 5 - 25% of remaining NEAT audits, is still required.

Manufactured Home Audits

9. 100% of all mobile home audits (MHEA) for program year 2019 must obtain ODOC pre-authorization BEFORE any work is completed on the home.

Process for Receiving Setup Library and Energy Audit Authorization

10. Before any energy audits can be authorized, each agency must have an ODOC approved NEAT/MHEA Setup Library, to include the following:
 - a. All Setup Libraries should be updated to include DOE 2019 Fuel Indices (*see Attachment A*)

² ODOC is working on procuring this training as soon as possible.

- b. All Setup Libraries must be updated to include new life expectancy years for certain measures considered (*see Attachment B*)
 - c. All Setup Libraries should include updated measure costs based on properly procured anticipated costs for program year 2019 (see #11 for more information).
 - d. A brief written narrative explaining how measure costs are determined by each agency (submitted as a standalone Word or PDF file).
 - e. All Setup Library databases must be exported and uploaded, along with the narrative explained in “d”, to an ODOC provided link (provided by the Weatherization Program Planner upon request) (*see Attachment C*).
11. Library material and labor costs will vary from agency to agency. However, every agency, at the beginning of the DOE WAP program year, must be following CAA Manual Requirement 108 Small Purchase Procurement Procedures and Advertised Procurement procedures (depending on purchase cost), and conducting cost or price analysis of all purchases PRIOR to the first energy audit of the program year. In other words, every agency’s library should reflect a very accurate picture of anticipated costs during the program year. Should variances occur during the program year, those costs must be put into the audit as itemized costs.
12. Library measure costs MUST include ALL costs paid for with ODOC funds. This includes 100% of labor and material costs (whether on staff or contracted labor) for all energy conversation measures. This also means that user defined measures must be created for items not already included in the Setup Library, including Health and Safety measures that do not impact SIR. For example, if an agency completes general repairs, and uses patching plaster, a user defined measure must be created for Patching Plaster, to include both materials and labor. See Attachment D for an example of User Defined Measure Costs.
13. ODOC will work with each agency through third parties to ensure libraries are accurate and updated as per DOE approved energy audit procedures. No library is considered authorized until ODOC has provided written, explicit authorization. An executed DOE 19 contract is not explicit authorization.
- a. ODOC may need to request vendor related procurement files or copies of previous materials receipts or invoices to verify proposed library measure costs.
 - b. Any new library approved by ODOC should only be used for DOE 19, UNLESS ODOC specifically requires in the final written authorization that the new library should be adopted for DHS 18. Changing a library in the middle of a program year is NOT preferred and should be avoided. ODOC will only require this if significant issues are found within an agency’s library. Otherwise, the new DOE 19 library will not apply to DHS LIHEAP until PY19.
 - c. Once ODOC authorization has been received, NO changes can be made to any Setup Library without ODOC authorization, until the next DOE program year.

14. ODOC will begin providing a quarterly report to each agency regarding the number of audits that must be submitted for pre-authorization, based on approved management plans, starting with the third quarter (October 1, 2019). As stated in Section 3 above, 100% of all audits must be approved until then. **NO WORK CAN BEGIN ON A HOME WITHOUT ODOC PRE-AUTHORIZATION ON ANY AUDITS REQUESTED.** If it is later determined that work was completed prior to ODOC authorization on an audit that was requested, that home could potentially be a 100% payback. If there are any questions regarding the allowability of beginning work on a home, and ODOC has not provided any written authorization to do so, do not hesitate to ask the Weatherization Program Planner.
15. For all audits that are required to have ODOC pre-authorization, the following documents must be submitted to wxqualityassurance@okcommerce.gov, **AND** amanda.marcott-thottunkal@okcommerce.gov. **In order to ensure the quickest turnaround time, it is CRITICAL that documents are sent to BOTH email addresses.** Should the documents be too large to send via email, send a request to BOTH email addresses to have a Cloud upload link be sent instead. ODOC may need to request additional documentation if not all information needed to understand the audit is found within these five documents.
 - a. The ORIGINAL NEAT/MHEA Recommended Measures Report
 - b. The ORIGINAL Input Report (should have same run date as Recommended Measures Report)
 - c. Form 28
 - d. A detailed Work Order, to include instructions for ALL work to be completed in the home (whether to be completed by crews or contractor).
 - e. All before photos and photos of the exterior of the home.
16. Although ODOC cannot guarantee a specific turnaround time, our goal is to have audits reviewed as quickly as possible. Please know that ODOC is aware that timeliness of production is a critical issue. Review of these Energy Audits in a timely manner is a top ODOC priority.
17. If issues are noted, ODOC or an authorized, designated third party will return the audit with written requested modifications or questions, and agencies will have to resubmit their modified audit until ODOC can provide final written authorization.
18. The original documents submitted for ODOC authorization (items a-e under Section 14), any written feedback from ODOC, and the final authorization must be kept in the client file.
19. Contact the ODOC Weatherization Program Planner (Amanda Marcott-Thottunkal – amanda.marcott-thottunkal@okcommerce.gov) if there are any questions about this Program Notice.