



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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June 7, 2010

Ms. Vicki Smith
Executive Director
Community Action Center of Victoria
P.O. Box 3607
Victoria, Texas 77903-3607

Re: DOE Weatherization Assistance Program Contract # 56090000453
LIHEAP Weatherization Assistance Program Contract # 81090000400
ARRA Weatherization Assistance Program Contract # 16090000655

Dear Ms. Smith:

Enclosed is a report that details the monitoring review of Community Action Center of Victoria (CACV) Weatherization Assistance Program contracts with the Texas Department of Housing and Community Affairs (The Department). This information is provided to ensure that the compliance with the contracts is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The monitoring report includes five (2) findings and zero (0) recommendations. Please submit a response to this report to the office within thirty (30) days of the date of this letter.

If we can be of any assistance, please feel free to contact Brian P. Fayhee, Program Officer, at (512) 475-3822. The assistance provided to the Program Officer by the agency is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be "SDG", with a horizontal line extending to the right.

Sharon D. Gamble
Manager
Energy Assistance Section

Cc: Dr. Glenn Robertson

**2009 WEATHERIZATION MONITORING REPORT
OF
COMMUNITY ACTION COMMITTEE OF VICTORIA, TX**

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**2009 WEATHERIZATION MONITORING REPORT
OF
COMMUNITY ACTION COMMITTEE OF VICTORIA, TX**

**WEATHERIZATION ASSISTANCE PROGRAM (WAP)
CORRECTIVE ACTION REQUIRED AND RECOMMENDED IMPROVEMENTS**

Dates of Review: March 3rd – March 5th 2010

Focus of Review:

Allocation Code: 5809
Programmatic Year PY 09
Contract Number 58090000400
Contract Amount: \$1,277,030.00
Contract Period: 1/1/09-12/31/09

On-site review of Community Action of Victoria (CACV) implementation of the Weatherization Assistance Program (WAP) in accordance with the Low Income Home Energy Assistance Act of 1981 (LIHEAP) and the 2009 WAP Service Delivery Plan. Specific areas of review included Financial Reporting, Contract Agreements, Procurement, Personnel, and the Management of the Service Delivery Plan Components.

Program Evaluation

The evaluation of the program consisted of interviews with personnel, analysis of fiscal system and review of programmatic records.

The following issues were noted during the review:

- Not metering refrigerators
- Insufficient file documentation
- Lead Safe Work Practices

**2009 WEATHERIZATION MONITORING REPORT
OF
COMMUNITY ACTION COMMITTEE OF VICTORIA, TX**

Section IX. Client File Review

Finding # 1: Refrigerators not metered.

CACV was unable to produce evidence of refrigerators being metered in 12 client file reviews for DOE, LIHEAP. DOE requires that a refrigerator be metered for a total time of 2 hours on any home that the agency is conducting an assessment. LIHEAP requires that a refrigerator is metered for 30 minutes unless the manufacture date is 1993 or prior on any home that is being assessed by the agency. Documentation must be placed in each client file with the house assessment. The client files reviewed are listed below.

Case Number	Case Number
7526	7186
7529	7609
7531	7230
7533	7303
7534	7650
7375	7542
7579	7538
7618	7537
7555	7527
7640	7529
7447	7450
7439	7467
7436	7462
7435	7459

Action Required: CACV is required to return to each unit and meter each refrigerator listed above. CACV is required to apply the same metering techniques in all future residential and apartment units being assessed and must establish written procedures in the policy and procedures section of their monitoring policy.
Reference: TAC RULE §5.606 (DOE), TAC RULE §5.702 (LIHEAP)

Finding #2: Insufficient and incomplete reports and forms.

Blower door readings: Upon review of client files produced by CACV, ten (10) files contained inaccurate blower door readings. Eight (8) of the client files had final blower door readings that were higher than the initial readings which displayed that the weatherization work made the unit less energy efficient. One (1) blower door data sheet displayed the final reading under the Building Tightness Level (BTL) which is considered a health and safety issue. One (1) client file did not have a blower door data sheet filled out and signed. During the onsite inspection process I determined that the initial testing was improperly conducted.

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The assessor placed a "B-Ring" on the blower door fan and configured the DG-700 Digital Pressure and Flow Gauge tool with the "A-Ring" which made the initial testing number significantly higher. The final assessor should have corrected this prior to processing the invoices.

Client File	Blower door data sheet from
7529	BTL calculations not filled in.
7375	BTL calculations not filled in.
7579	BTL calculations not filled in.
7650	Incomplete form. No signature, date or CFM reading.
7536	Final reading under BTL
7447	Final reading higher then the initial
7436	Final reading higher then the initial
7467	Final reading higher then the initial
7462	Final reading higher then the initial
7459	Final reading higher then the initial

Actions Required: CACV must implement a procedure for quality assurance that guarantees final inspectors are properly reviewing the initial assessments. The procedure must be able to hold the final assessor accountable for any work that is submitted incorrectly. A step-by-step checklist of how to set up a and administer the blower door and tools which can be added to the client file which can assist the final inspector in identifying possible faulty readings.

Finding #3: Improper Lead Safe Work Practices.

Upon review of unit inspection the following homes were not properly weatherized by Lead Safe Work Practice (LSW). Not placing a the proper materials to each clients home is a direct violation of Health and Safety standards, it places the client's health and wellbeing at risk of lead particles to stick to the clients furniture or floor if lead based paint is disturbed.

Actions Required: CACV must place Lead Safe Prevention materials on each piece of furniture while conducting work in a residence/apartment complex built prior to 1978. Lead Safe clothing must be worn while by the weatherization worker while this work is being preformed. A specialized suit, protective eyeglasses, gloves, and hat must be worn during the instillation of weatherization materials. Once the work is complete the weatherization worker must dispose properly of the protective gear clothing and tarps used to cover the furniture.

CACV must conduct unannounced on-site visits to 25% of the units being worked on that are pre-1978. If the weatherization workers continue to not perform the

**2009 WEATHERIZATION MONITORING REPORT
OF
COMMUNITY ACTION COMMITTEE OF VICTORIA, TX**

correct tasks, CACV must stop all production of pre-1978 homes and contact TDHCA immediately.

Finding #4: Failure to Perform Carbon monoxide Testing

CACV failed to perform carbon monoxide testing on the gas stove in one (1) Unit during the onsite inspection. Failure to test combustion appliances directly endangers the client's wellbeing and welfare. In client file #7230, the front right burner tested at 36 parts per million (PPM) and the front left burner tested at 42 PPM and needs to be removed from the client's residence to prevent health and safety concerns. The stove-top burner CO level should be less than 25 PPM.

Action Required: CACV must return to the identified unit remove the stove from the residence. CACV must develop and implement a procedure for quality control that ensures that final inspectors are properly reviewing the initial assessments for CO testing.

Texas Department of Housing and Community Affairs representative, Brian P. Fayhee participated in an exit conference with Vicki Smith, Patricia Kremling, Tiffany Ross, and Manny Tijerina (contractor for M&M Weatherization).

Signature: _____


Brian P. Fayhee, TDHCA Program Officer

6/2/10
Date



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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July 23, 2010

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Ms. Amalia C. Garza
Executive Director
Cameron and Willacy Counties Community Projects, Inc.
3302 Boca Chica, Suite 209
Brownsville, Texas 78521-5705

Re: DOE ARRA Weatherization Assistance Program Contract #16090000653

Dear Ms. Garza:

Enclosed is a report that details the monitoring review of your Weatherization Assistance Program contracts with the Texas Department of Housing and Community Affairs. This information is provided to ensure that compliance with the contract(s) is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The Department has identified **ten (10) findings** and **two (2) recommendations** for the Weatherization Assistance Program. Please submit a response to this report to this office within forty-five (45) days of the date of this letter.

If we can be of any assistance, please contact Enrique Trejo, Program Officer, at (512) 475-2299. The assistance provided to the Program Officer by Cameron and Willacy Counties Community Projects, Inc. is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be "Sharon Gamble", with a horizontal line extending to the right.

Sharon Gamble
Manager
Energy Assistance Section

Cc: Enrique Trejo, TDHCA Program Officer
Honorable Sallie Gonzalez, CWCCP Board Chair

**WEATHERIZATION ASSISTANCE PROGRAM (WAP)
CORRECTIVE ACTION REQUIRED AND RECOMMENDED IMPROVEMENTS**

Dates of Review: June 21-24, 2010

FOCUS OF REVIEW

CONTRACT NAME	CONTRACT NUMBER	CONTRACT AMOUNT	CONTRACT DATES
DOE/ARRA	16090000653	\$2,626,732.00	9/1/2009 to 8/31/2011

PROGRAM EVALUATION

The evaluation of the program consisted of client file reviews, on-site inspections, interviews with clients, and analysis of both quality of subcontractor workmanship and final inspection techniques.

The following was noted during the review:

- Final Blower Door readings were not being performed.
- No Central HVAC assessments on file.
- Window air conditioning units were not being metered.
- Refrigerators were not being metered.
- Incomplete BWR forms.
- Labor charges were not noted in the NEAT/EASY audit or BWR.
- Improper use of Blower Door Rings.
- Units below the Building Tightness Limit (BTL).
- The Priority List was not being performed properly.
- Installation of 13 SEER HVAC units.
- Staff members have not attended Department approved trainings.
- Blow-in insulation is not considered as a weatherization measure.

Client File Review(WAP Only)

Finding #1: Incomplete Blower Door Forms

A review of fifteen (15) client files revealed nine (9) files where the Final Inspector did not complete a final blower door reading. CWCCP staff copied the initial blower door reading and documented the number on the Final Inspection data entry location. CWCCP must perform a separate final blower door reading on each unit that it weatherizes and document this reading on the Blower Door Data Sheet. The ability to obtain a final reading will assist in determining if the infiltration reduction

measures were effective and if the unit is not below the BTL.

Action

Required: As part of the response to this report, CWCCP must assure the Department that all weatherized units will have a final blower door reading performed when the unit is final inspected. **Reference: Blower Door Standards**

Finding #2: Lack of HVAC Assessments

A review of fifteen (15) client files revealed six (6) files not containing documented assessments of Central HVAC systems. CWCCP paid contractors for an assessment of the central HVAC system, however the file did not contain the assessment that was performed.

Action

Required: Due to the fact that assessments are missing from the client files, the HVAC assessment charges associated with units [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED] are considered questioned. As part of the response to this report, CWCCP must provide a copy of the missing assessments for the noted files. Failure to provide a copy for each of these units will result in disallowed costs. In addition, CWCCP must provide an assurance that copies of all assessments and invoices will be maintained in the client file. **Reference: OMB Circular A-110**

Finding #3: Missing Window Unit Assessments

A review of fifteen (15) client files revealed two (2) files where the window air conditioning units were not assessed. Assessors did not meter the unit to obtain the existing efficiency. Assessments contained efficiencies of the unit at the time it was manufactured. Obtaining efficiencies from the date the unit was manufactured may result in unreliable SIR readings in the NEAT/EASY audit and disallowed costs.

Action

Required: CWCCP must assure the Department that all window air conditioning units will be metered to obtain the existing efficiency and that these efficiencies will be documented in the assessment. CWCCP must also provide documentation of what tools or equipment (watt meters) was purchased to obtain the required readings. **Reference: DOE ARRA Contract Section 13, 10 CFR 440.21**

Finding #4: Missing Refrigerator Assessments

A review of fifteen (15) client files revealed eleven (11) files where documentation of refrigerator assessments were missing. Interviews with weatherization staff found refrigerator metering not being performed on all weatherized units.

Action

Required: To ensure that all potential weatherization measures are addressed, CWCCP whole house assessments must include refrigerators. As part of the response to this report CWCCP must return to units [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED] and assess the refrigerators. CWCCP should replace eligible refrigerators according to TDHCA

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CAMERON AND WILLACY COUNTIES COMMUNITY PROJECTS**

and DOE requirements. Documentation of the assessment and any measures taken must be provided as part of the response to this report. In addition, CWCCP must provide an assurance that all refrigerators will be assessed. **Reference: ARRA Contract Section 13 B**

Finding #5: Missing BWR Pages

A review of fifteen (15) client files revealed two (2) files where page two of the BWR form, that contains information on the repair and health and safety charges, was missing in files #10 and #42.

Action

Required: As part of the response to this report, CWCCP must locate or reconstruct the BWR for units [redacted] and [redacted]. CWCCP must provide a copy of the completed BWR's in the response. In addition, CWCCP must provide an assurance that each file will contain a complete BWR. **Reference: 10 CFR 600.121**

Finding #6: Exclusion of Labor Charge From Energy Audit and Priority List

A review of fifteen (15) client files revealed seven (7) files where the labor charge was not considered in the Priority List or NEAT/EASY audit when using CWCCP staff members to complete the installation of weatherization measures. Not including the labor charge in the Priority List of NEAT/EASY audit, may result in certain weatherization measures being disallowed. Therefore, units [redacted], [redacted], [redacted], [redacted], [redacted], [redacted] and [redacted] have questioned costs.

Action

Required: CWCCP must include all associated labor costs in the NEAT/EASY audit or when using the Priority List. As part of the response to this report, CWCCP must address the labor costs on units [redacted], [redacted], [redacted], [redacted], [redacted] and [redacted]. If the NEAT/EASY audit was performed on these units CWCCP must make the adjustment to include the labor cost for the specific measures. CWCCP must then rerun the audit and provide a copy of the audit, as part of the response to this report. In addition, CWCCP must include labor cost in the measures when utilizing the Priority List. CWCCP must provide the new cost of the Priority list measure when including labor (to include the BWR). Finally, CWCCP must provide an assurance that it will include and account for labor charges in the energy audit or Priority list when using CWCCP to install weatherization measures. **Reference: 10 CFR 440.21**

Performance Review (WAP Only)

Finding #7: Improper Blower Door Procedures

It was noted that CWCCP conducted final inspections using an open fan, CWCCP failed to utilize the rings on the fan to create a baseline reading before performing the blower door test. In performing a baseline reading CWCCP will obtain an average pressure baseline when inconsistent and varying pressures exist. The use of the blower door rings during the actual blower test will enable more accurate readings building envelopes with lower special volume.

**2009-11 WAP UNIT INSPECTION REPORT
CAMERON AND WILLACY COUNTIES COMMUNITY PROJECTS**

Action

Required:

As part of the response to this report, CWCCP must provide an assurance that a baseline reading will be obtained. The assurance should detail the use of the blower door readings to obtain a baseline reading, while conducting unit assessments and final inspections. In addition, if CWCCP personnel require training on the use of the blower door rings, a training request should be documented in the response to this report. **Reference: Reference: Texas Blower Door Standards; Blower Door Manufacturer Instructions**

Finding #8: Final CFM Reading Below BTL

While conducting onsite inspections of weatherized units, four (4) units (●, ●, ● and ●) CFM readings were below the allowable BTL. The final CFM reading must not fall below the BTL. Falling below the BTL may result in potential health hazards to the client and/or disallowed cost. It was noted that CWCCP conducted all final inspections using an open fan. CWCCP was not knowledgeable on the use of the Blower Door rings that may have better assisted the final inspector of obtaining more accurate readings.

Action

Required:

CWCCP must return to units ●, ●, ● and ● to address the BTL reading. Failure to address and bring the CFM readings above the BTL may result in disallowed costs of all measures for each unit below the BTL. As part of the response to this report, CWCCP must document what measures were taken to bring the CFM reading above the BTL. In addition, CWCCP must assure the Department that all weatherized homes will not fall below the BTL and that proper use of the Blower Door and its accessories will be performed. **Reference: Blower Door Standards**

Finding #9: Improper Priority List Procedures

CWCCP's implementation of the Priority List, revealed weatherization measures not being addressed in the order that it is required. Notably, duct work was not being considered on units that were conditioned by a central HVAC system. When utilizing the Priority List, the assessor must address each item, in order, beginning with the first item-Infiltration Reduction. When each item is addressed, the weatherization measure must be performed, unless there is a justifiable and documented reason for not performing the measure. Should a future monitoring document that certain Priority List items are not being performed, CWCCP will face questioned and/or disallowed costs.

Action

Required:

As part of the response to this report, CWCCP must assure the Department that it will address each item on the Priority List, in the order that it is listed. In addition CWCCP must assure that any measures not performed will have a justifiable reason that is documented in the client file. **Reference: Texas Priority List**

Finding #10: Lack of Documentation for Installing 13 SEER HVAC Systems

During the final inspection, it was noted that CWCCP replaced new HVAC systems with 13 SEER systems and not 14.5 SEER as required by the Department and Energy Star.

Action

Required: The Department is questioning the costs related to the installation of the central HVAC systems where the SEER rating was 13. As part of the response to this report, CWCCP must provide the reason 13 SEER HVAC systems were installed into the units. In addition, CWCCP must document what measures have been put in place to ensure the minimum SEER requirement is being installed in the weatherized units.
Reference: ARRA Contract Section 13 B (13)

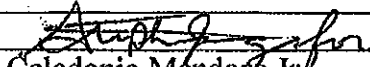
Recommended

Improvement #1: Interviews with CWCCP staff revealed that the majority of its' weatherization employees have not attended Department approved trainings. Many of these trainings have free registration and CWCCP weatherization contracts contain training and technical assistance dollars to supplement additional training related costs. Attending the Department approved trainings may reduce future findings and may result in an efficient and effective Weatherization program. The Department strongly recommends that CWCCP provide opportunities for its weatherization staff to attend Department approved trainings.

Recommended

Improvement #2: An assessment of CWCCP's requirement on attic and wall installation, revealed a labor intensive method. Currently, CWCCP installs batt insulation in attics and in exterior walls. The method of "stuffing" batt insulation into the exterior walls requires a large opening, new sheet rock and joint compound on the interior of the weatherization unit. Furthermore, there is a high probability that parts of the batt insulation will be compressed in the "stuffing" prohibiting the full effectiveness of the heat resistance value (R-value). The Department strongly recommends a less labor intensive method of insulating attics and walls. The Department recommends the use of blown-in insulation (fiberglass or cellulose). Utilizing these products in the walls, may provide the opportunity for a higher or more consistent R-Value and coverage.

Texas Department of Housing and Community Affairs representatives J.R. Mendoza, participated in an exit conference with CWCCP representatives Amalia Garza, Krishna Iyer and Noe Hernandez

Signature:			7/12/10
	Celedonio Mendoza Jr.		Date

**2009-11 WAP UNIT INSPECTION REPORT
CAMERON AND WILLACY COUNTIES COMMUNITY PROJECTS**

ATTACHMENT A

ARRA UNITS INSPECTED 14 **ARRA UNITS RETURNS** 11

Units Inspected	Fund Source	Return	Comments
█	ARRA	YES	Final Blower Door reading is below the BTL. Must bring unit above the BTL. Address duct leakage. Meter the refrigerator.
█	ARRA	YES	Seal Furnace Door. Meter the refrigerator. Seal sides of window air conditioner.
█	ARRA	NO	
█	ARRA	YES	Final Blower Door reading is below the BTL. Must bring unit above the BTL. No Carbon Monoxide detector installed. Address duct leakage. Meter the refrigerator.
█	ARRA	YES	Final Blower Door reading is below the BTL. Must bring unit above the BTL.
█	ARRA	YES	Meter the refrigerator
█	ARRA	NO	
█	ARRA	YES	Repair holes in the hallway. Insulate the attic hatch. Address wall insulation. Meter refrigerator. Assess Duct system.
█	ARRA	YES	Meter the refrigerator. Seal duct leaks. Seal door to central system.
█	ARRA	YES	Contractor damaged door bell. Refrigerator not metered.
█	ARRA	NO	
█	ARRA	YES	Final Blower Door reading is below the BTL. Must bring unit above the BTL. Meter refrigerator.
█	ARRA	YES	Meter the refrigerator
█	ARRA	YES	Final Blower Door reading is below the BTL. Must bring unit above the BTL.

CWCCP must return and address all units as indicated and include in it's response to this report a summary of all actions and measures taken to address the units indicated above.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Juan S. Muñoz, Ph.D.

June 21, 2010

Ms. Mary Jane Rios
Executive Director
Community Council of Reeves County
700 Daggett Street, Suite F
Pecos, TX 79772-4524

Re: Department of Energy Weatherization Assistance Program Contract #56090000456
Department of Energy ARRA Weatherization Assistance Program Contract #16090000659
LIHEAP Weatherization Assistance Program Contract #81090000489

Dear Ms. Rios:

Enclosed is a report that details the monitoring review of Community Council of Reeves County's Weatherization Assistance Program contracts with the Texas Department of Housing and Community Affairs (The Department). This information is provided to ensure that compliance with the contracts is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The monitoring report includes five (5) recommended improvements and ten (10) findings. Please submit a response to this report to this office within thirty (30) days of the date of this letter.

If we can be of any assistance, please feel free to contact Rosy L. Falcon, Program Officer, at (512) 936-7810. The assistance provided to the Program Officer by the agency is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be "Sharon Gamble", with a horizontal line extending to the right.

Sharon Gamble
Manager
Community Affairs

CC: Mr. Rogelio Alvarado

Directory of Monitoring Sections

- Section I. Financial Review**
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- Section III. General Liability and Pollution Occurrence Insurance**
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- Section X. Client File Review Work Sheet and Multi-Family Review**
- Section XI. Denied Files**
- Section XII. Summary**

**2009 WEATHERIZATION MONITORING REPORT
OF
COMMUNITY COUNCIL OF REEVES COUNTY**

Dates of Review: May 17-20, 2010

FOCUS OF REVIEW

CONTRACT NAME	CONTRACT NUMBER	* CONTRACT AMOUNT	CONTRACT DATES
DOE	56090000456	\$87,193.00	4/1/2009 to 3/31/2010
LIHEAP	81090000489	\$89,974.00	4/1/2009 to 3/31/2010
DOE ARRA	16090000659	\$400,181.00	9/1/2009 – 8/31/2011

* Latest contract amendments

On-site review of the Community Council of Reeves County's, (CC Reeves) implementation of the Department of Energy's and Low Income Home Energy Assistance Program's Weatherization Assistance Program (WAP). Specific areas of review included Financial Reporting, Contract Agreements, Procurement, Personnel, and the Management of the Department of Energy and Low Income Home Energy Assistance Program contracts.

PROGRAM EVALUATION

The evaluation of the program consisted of: interviews with the CC Reeves personnel, analysis of the fiscal system, review of programmatic records, on-site inspections, client interviews, and inventory review.

The following was noted during the review:

- Monthly general ledger did not reconcile with the expenditure reports submitted.
- DOE ARRA Administrative expenditures are above the maximum allowed.
- DOE and LIHEAP expenditures were insufficient to fulfill their contract.
- Lack of Procurement documentation.

**2009 WEATHERIZATION MONITORING REPORT
OF
COMMUNITY COUNCIL OF REEVES COUNTY**

Section I. Financial Review

EXPENDITURES AS OF MARCH 2010

CONTRACT NAME	YEAR-TO-DATE EXPENDITURES	% OF ORIGINAL CONTRACT AMOUNT *	# UNITS COMPLETED	# UNITS IN PROGRESS
DOE	\$76,601.76	87.85%	12	0
DOE ARRA	\$153,429.81	38.34%	21	2
LIHEAP	\$85,974.00	95.55%	19	0

* At the time of monitoring; ARRA amounts are as of April 2010

Recommended Improvement #1: A review of the January 2010 Monthly Expenditure Report for DOE ARRA revealed an inconsistency between the reporting and the general ledger. CC Reeves over reported their Training and Technical Assistance funds by \$2,760.76. The item was for a training that was postponed and for an employee that was terminated. The Agency voided the check and the funds are shown as available for future training and technical assistance needs. CC Reeves needs to keep all working papers as they pertain to variances between the general ledger and the monthly expenditure reports in order to account for the variance. **Reference: OMB Circular A-110, Subpart C_.21**

Recommended Improvement #2: As of April 2010 the ratio of the Administrative expenditure for DOE ARRA was at 9.20%, well above the maximum allowable expenditure. CC Reeves is reminded that expenditure for Administration must be at or below 5% for DOE ARRA by the end of the contact term. Immediate attention must be paid to production schedules in order to meet the above mentioned ratio. Any expenditure above the allowable maximum expenditure is subject to disallowed costs. **Reference: DOE ARRA Contract Attachment A.**

Recommended Improvement #3: A review of CC Reeves' expenditures revealed inadequate support documentation in five (5) of the nineteen (19) expenditures reviewed. Three (3) of the files reviewed lacked the adequate documentation showing the eligible household the materials were installed in, two (2) contained internal forms that were inaccurately completed as well as incomplete forms, one (1) procurement purchase lacked documentation providing the internal approval needed for any purchases done on the company card. The Agency is reminded that all expenditures must be accompanied by appropriately completed forms any future inadequacies may result in disallowed costs. **Reference: OMB Circular A-110, Attachment C_.21 (b) (2) (3) (4), 1 T. A. C. §5.141**

**2009 WEATHERIZATION MONITORING REPORT
OF
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Finding #1: CC Reeves shows low expenditures, as of March 2010 CC Reeves has expended 95.55% of funds in LIHEAP, 87.85% in DOE, and 38.34 in ARRA while 100% of their LIHEAP and DOE and 33.33% of their ARRA contract period has expired.

Action Required: CC Reeves must submit a plan of action detailing how they will meet production goals for Program Year 2010. Furthermore CC Reeves is urged to pay immediate attention to production schedules in order to expedite expenditures for the Weatherization Assistance Program. Although ARRA production is in line with the amount of contract expired, the Department would like to recommend that CC Reeves make use of the multifamily tools the Department has provided and seek out a property in their area that could benefit from weatherization services. Doing so will provide CC Reeves the benefit of not only assuring their benchmarks are met but also of exceeding them. **Reference: OMB Circular A-110, Subpart C .21 (b) (2) (3) (4), 1 T.A.C. §5.141, DOE and LIHEAP Contracts Section 4.**

Section II. Travel and Timesheets

Finding#2: Staff timesheets had inadequate support documentation; they did not identify charges between the grant categories. Travel documents did not have sufficient support documentation in order to determine whether the expenditure was allowed. Check #18143 made out to Wal-Mart for \$637.00 did not contain sufficient documentation to substantiate the wire transfer to employee Deverick Booke; this lack of documentation creates a question as to the validity of this expenditure. Check # 18325 made out to Chevron in the amount of \$53.26 had support documentation stating charge was for Comprehensive Energy Assistance Program (CEAP) and it was missing the supervisor signature as required by their form, however funds were paid out of American Recovery and Reinvestment Act (ARRA). Upon further review and staff interviews it was determined that the mileage log used to support this expenditure was not accurately filled out. Employee Jerry Orona performs work for both the WAP and the CEAP and mistakenly entered CEAP as the program he was working on instead of WAP. This review revealed \$637.00 in questioned costs for the Wal-Mart expenditures.

Action Required: CC Reeves must add the title of the employee and the category charged to their timesheet cost breakdown column in order to have the timesheets correctly reflect duties performed and substantiate the expenditures.

CC Reeves must submit to the Department support documentation detailing the cost breakdown for the \$637.00 that was wired to Mr. Bookey, as part of their response to this report. A review of the Agency's travel documents determined that staff, especially newly hired staff, must have further training on how to

**2009 WEATHERIZATION MONITORING REPORT
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accurately complete the Agency's mileage log. The supervisor must assure that the mileage submitted and all necessary fields are complete, and that they sign the form. The Agency will highly benefit from keeping all advances, expenditures, and reimbursements together as they pertain to specific trips. Doing so will aid in determining if the advance given to the employee was allowable and if the employee needs to reimburse the Agency or if the employee is owed anything. **Reference: OMB A-87 Attachment B 11, OMB A-122 Attachment B, ARRA Contract Section 35, DOE and LIHEAP Contract Section 29**

Section IV. Property Management

Recommended Improvement #4: The Agency has recently begun the use of in-house crews and the housing of weatherization materials. They currently perform monthly inventory of the materials and update the inventory as soon as the materials need to be removed from the premises and taken to a client home. The Department would like to remind the Agency that a yearly inventory of materials kept on hand must be performed in order to account for the materials purchased by Weatherization Assistance Program funds. The Department sees the potential for the current process to result in a future finding that may create questioned costs.

Currently the Agency purchases stoves and refrigerators in bulk and has the vendor house them until they are needed in a home. Someone from the Agency will call the store manager and let them know to release which ever item is needed to the contractor that will go and pick it up. The Agency is pre-paying for an item that has not been predetermined as needed in an income eligible house; the Agency cannot assure the Department that the items are safeguarded as the Agency and the vendor have a verbal agreement; there are no effective internal controls when determining the release of the items; there are no efficient separation of duties to allow for effective internal controls when ordering and maintaining inventory. The Department strongly recommends that if CC Reeves must pre-pay for stoves and refrigerators they enter into a formal contract with the vendor detailing the responsibilities that lay with each party and as an attachment there should be a list of names and titles of the person(s) authorized to remove this inventory. In addition a similar sign in sheet must be kept by the vendor and a signature must be required prior to the removal of the material. The Department reminds CC Reeves that it is their responsibility to safeguard any material against theft, loss, or damage.

The Agency's internal inventory procedures lack the adequate internal controls that will allow for the safeguarding of materials. The WAP Coordinator initiates the purchase request and the Executive Director reviews and approves the purchase. The WAP Coordinator receives the shipment (if she is not available the assessor will sign); both the WAP Coordinator and the assessor maintain the records (whoever is available); both the WAP Coordinator and the assessor take physical inventory together; the WAP Coordinator reconciles the records. At the minimum a third person must be added to the current process, the person who maintains the

**2009 WEATHERIZATION MONITORING REPORT
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records must not take the physical inventory, and the person that reconciles the inventory must not be the person who takes the physical inventory nor the person that maintains the records. **Reference: ARRA Contract Section 21, DOE and LIHEAP Contracts Section 17, 10 CFR 600.232.**

Recommended Improvement #5: A review of CC Reeves maintenance records showed that maintenance is being conducted in the vehicles; however the receipts are not sufficient to show that the vehicles are maintained on a regular maintenance schedule. Failure to implement and maintain a maintenance schedule will result in future findings.

The Agency's cost allocation plan must be used for maintenance and gasoline expenditures, since the three vehicles are shared by all of CC Reeves programs. The expenditures reviewed showed that ARRA was being charged for all of the vehicles maintenance. Future vehicle expenditures will be disallowed if the cost allocation plan is not followed. **Reference: 10 CFR 600.232**

Finding #3: The Agency's mileage logs cannot be adequately matched to the vehicle being used; reimbursement for mileage, gas, and vehicle maintenance is being charged to the Weatherization Assistance Grants however it is not clear as to how the Agency is effectively assuring that the charges are allowable. The current mileage logs used for gas reimbursement do not differentiate between the use of a personal vehicle or the company car.

Action Required: The Agency is strongly urged to purchase a vehicle for the sole use of the Weatherization Department. If the Agency still chooses not to purchase a vehicle for Weatherization, a master mileage log must be kept in each vehicle; a separate and different mileage reimbursement form must be used when an employee must request a reimbursement for mileage using their personal vehicle. Under no circumstances may the employee use the company gas card to purchase gas for their personal vehicle even when conducting business. All gas reimbursement expenditures must coincide with the mileage logs for the corresponding vehicle. Each reimbursement should be kept separate per vehicle. **Reference: OMB A-122**

**2009 WEATHERIZATION MONITORING REPORT
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Section V. Procurement

Finding #4: CC Reeves currently utilizes an inadequate inventory process. In order to build and replenish CC Reeves' inventory the Agency is purchasing materials and placing a direct charge to program support prior to determining the eligibility of the home they will be used for. Expenditures for materials necessary to weatherize a home are only allowable when they are needed for an income eligible home prior to the purchase. The current procedure CC Reeves has posts expenditures to their Program Support budget line item prior to having the eligible household and performing the Energy Audit, thus skipping the key steps that will determine whether expenditures are allowable.

Action Required: C C Reeves must immediately implement a new way of charging for their inventory as it cannot be charged to Program Support until it is installed in income eligible household. The new plan must be submitted to the Department as part of their response to this report. **Reference: 10 CFR 440.18, 10 CFR 440.21, CFR 440.22.**

Finding #5: CC Reeves' procurement contracts are missing contract provisions for "Rights to Inventions Made Under a Contract or Agreement" and "Prevention of Fraud and Abuse" within their contractor contracts. The contract with Four Seasons Insulation is the only contract missing the "Prevention of fraud and abuse" clause.

Action Required: The agency must amend their contracts to include both of the above mentioned clauses immediately. The Agency has different formats for their contracts; the Department recommends that the Agency implement one format so as not to exclude any required clause. **Reference: 10 TAC 5.10, OMB A-110 Appendix A.**

Note: CC Reeves conducted small purchase procurement for their materials purchase, CC Reeves is reminded that if purchases for material will reach or exceed \$25,000.00 per vendor they must perform sealed bid procurement in order to be in compliance with all rules and regulations.

Section VI. Audit

Finding #6: At the time of monitoring, the submittal of Audit Certification to the Portfolio Management and Compliance Division had not taken place. The audit certification for fiscal year ending February 28, 2010 was due on April 30, 2010.

**2009 WEATHERIZATION MONITORING REPORT
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Action Required: CC Reeves must submit their audit certification letter immediately and take the appropriate steps to ensure that all future items are submitted in a timely manner. **Reference: ARRA Contract Section 20, DOE and LIHEAP Contracts Section 16.**

Section VIII. Performance Review

Finding #7: A review of CC Reeves March 2010 Expenditure Report revealed a lack of services and outreach activities in Loving County.

Action Required: CC Reeves must serve their service area equitably, and must demonstrate that outreach efforts were done to attempt to service that county. A record of outreach performed must be kept in order to be in compliance with serving your county equitably. **Reference: ARRA Contract Section 4**

Note: The Agency has not performed any work on pre-1978 homes yet, but they are gearing up to do so. They are beginning to create a file with all the certifications from their staff and the contractors. In addition they need to include in this file the training provided to other non-certified staff and all other necessary support documentation as required by the EPA RRP Final rule. The Department recommends CC Reeves get at least 2 digital cameras in order to provide for better documentation for compliance. The current Lead Certified Renovator for the Agency is the Executive Director. Given the demands that their current position requires and the amount of responsibility the Lead Certified Renovator has it is imperative that a member of the Weatherization Assistance Program be sent to attain this certification.

Finding# 8: Inadequate onsite inspections are being conducted by CC Reeves on the homes they weatherize. The Health and Safety issues, Foundation, Floor, and Wall measures were not adequately addressed and Carbon Monoxide testing was not properly performed. Units with combustible appliances were not provided with a smoke detector and carbon monoxide detector in a consistent manner. Assessment of walls with existing insulation is not being done, and assessments of items requiring repairs are not properly documented. There were minor air infiltration measures that needed to be addressed, most however, were under the optional air sealing category.

The onsite review also revealed that CC Reeves was not conducting thorough final inspections of the units weatherized. Three (3) out of the six (6) units inspected had work still needing to be completed after the stated Building

**2009 WEATHERIZATION MONITORING REPORT
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Weatherization Report (BWR) work end date and after the final blower door was performed. A return is required to three (3) out of the six (6) units inspected.

Action Required: CC Reeves must ensure all assessors are adequately trained to perform assessments/inspections taking the whole house approach. All measures that could be addressed in the home must be assessed. All assessment forms must be adequately completed to reflect what the assessment of each item resulted in; if a measure must be omitted a reason why must be clearly documented. Assessments of home with existing insulation must be physically verified by the assessor in addition to noting the "client states there is existing insulation."

In order to ensure program compliance, CC Reeves must return an address the units as indicated in Attachment A of this report. **Reference: ARRA Contract Section 13 B (F), Weatherization Field Guide**

Section X. Client File Review Worksheet

Finding #9: Client file review revealed inadequate support documentation for repair measures, BWR did not mirror the Audit, charges to each grant are difficult to ascertain, and invoice amounts do not equal the charges reflected on BWR. CC Reeves currently tries to differentiate between the funds charged for the measure by using the Word Bold feature to bold the amount and the grant charges. However, this method proved inefficient as there are mismatched field throughout all of the BWRs. An adjustment to the monoxer date and time is needed, one (1) file had an assessment performed prior to application date being signed, and all Blower Door Data sheets need to have the target air infiltration reduction completed correctly.

Action Required: CC Reeves must immediately begin to use the updated Building Weatherization Report Form and make sure all employees completing this form know how to complete it. Each measure installed must be accounted for individually in the BWR, all measures need to be in SIR order and must mirror the Audit. Only items that are installed in the home must be included in the BWR. CC Reeves is currently keeping items in the BWR that are not installed and indicating so by not adding a charge. Invoices must clearly match the amount and measure charged to each of the Department funded grants. CC Reeves must update the date of their monoxer immediately in order to properly document their testing. CC Reeves is reminded that no work may be done in a home, this includes assessments, prior to determining eligibility. Future work done prior to determining eligibility will result in disallowed costs. The blower door data sheet must be completed fully

**2009 WEATHERIZATION MONITORING REPORT
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and properly, the target reduction must be determined and the building tightness limit is not to be used as the target number for air infiltration reduction. **Reference: Texas Administrative Code §5.526, DOE and LIHEAP Contracts Section 10, ARRA Contract Section 13, Texas Administrative Code §5.20, 10 CFR 440.21**

Section XI. Denied Files

Finding#10: Inadequate income calculation was performed by CC Reeves in their denial file. They took into account mileage reimbursement in the income calculation for client file ESA1889. The mileage reimbursement is for the use of the client's personal vehicle for business and is not additional income. Income verification was recalculated and it was determined that the client's household is income eligible.

Action Required: CC Reeves must re-open the file and contact client ESA1889 to set up the date of that their assessment will take place. CC Reeves must submit to the Department documentation verifying the client was contacted and an assessment has been scheduled as part of their response to this report. A new application is not required as the date of the application is March 31, 2010 thus allowing for ample time to rectify the mistake without it requiring anything further from the client. **Reference: 10 T.A.C. §6.8, 10 T.A.C. §6.108**

**2009 WEATHERIZATION MONITORING REPORT
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ATTACHMENT A

Units Inspected	Fund Source	Return	Comments
WX-A1009	ARRA	No	No Return required
WX-A1004	ARRA	Yes	Address Flex Gas Pipe in furnace. Address the hole in the water heater closet.
WX-A1011	ARRA	Yes	Additional air sealing is needed around the accordion block around the window unit, in the water heater closet, and under the sink in the bathroom. Address the duct tape covering the holes in the floor Initial Blower Door 1531 Final Blower Door 1428 At time of monitoring 1604
WX-A1002	ARRA	No	No Return Required.
09RV0722	DOE/LIHEAP	Yes	Address additional sealing in Furnace closet. Bring all attic insulation to a R-30
09RV0723	DOE/LIHEAP	No	No Return Required.

Texas Department of Housing and Community Affairs representatives, Rosy L. Falcon, participated in an exit conference with Mary Jane Rios, Executive Director, Amparo Valenzuela, WAP Coordinator, and Rose Guerrero, Fiscal.

Signature: 
Rosy L. Falcon, TDHCA Program Officer

10.7.2010
Date



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

June 28, 2010

Ms. Pauletta Hines
Executive Director
Community Services, Inc.
P.O. Box 612
Corsicana, TX 75151-0612

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Re: DOE Weatherization Assistance Program Contract #56090000458
LIHEAP Weatherization Assistance Program Contract #81090000491
ARRA Weatherization Assistance Program Contract #16090000660
ARRA Weatherization Assistance Program Contract #16090000756
ARRA Weatherization Assistance Program Contract #16090000757
ARRA Weatherization Assistance Program Contract #16090000758
ARRA Weatherization Assistance Program Contract #16090000759
ARRA Weatherization Assistance Program Contract #16090000779
ARRA Weatherization Assistance Program Contract #16090000781

Dear Ms. Hines:

Enclosed is a report that details the monitoring review of your Weatherization Assistance Program contracts with the Texas Department of Housing and Community Affairs. This information is provided to ensure that compliance with the contract(s) is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The Department has identified **one (1) finding** and **three (3) recommendations** for the Weatherization Assistance Program. Please submit a response to this report to this office within thirty (30) days of the date of this letter.

If we can be of any assistance, please contact Jason A. Seale, Program Officer, at (512) 463-0172. The assistance provided to the Program Officer by Community Services, Inc. is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "SG", followed by a horizontal line.

Sharon Gamble
Manager
Energy Assistance Section

PY09 WAP MONITORING REPORT
OF
COMMUNITY SERVICES, INC.

Directory of Monitoring Sections

- Section I. Financial Review
- Section II. Travel and Timesheets
- Section III. General Liability and Pollution Occurrence Insurance
- Section IV. Property Management
- Section V. Procurement
- Section VI. Audit
- Section VII. Personnel Policies and Procedures
- Section VIII. Performance Review/Onsite Inspections
- Section IX. Administrative
- Section X. Client File/Multifamily Review
- Section XI. Denied Files

PY09 WAP MONITORING REPORT
OF
COMMUNITY SERVICES, INC.

Dates of Review: May 10, 2010 – May 14, 2010

Focus of Review

CONTRACT NAME	CONTRACT NUMBER	CONTRACT AMOUNT	CONTRACT DATES
DOE	56090000458	\$1,019,169.00	4/1/2009 to 3/31/2010
LIHEAP	81090000491	\$1,283,986.00	4/1/2009 to 3/31/2010
ARRA	16090000660	\$4,889,348.00	9/1/2009 to 8/31/2011
ARRA – City of Denton	16090000756	\$374,097.00	9/1/2009 to 8/31/2011
ARRA – City of Lewisville	16090000757	\$147,053.00	9/1/2009 to 8/31/2011
ARRA – City of Plano	16090000758	\$301,794.00	9/1/2009 to 8/31/2011
ARRA – City of Tyler	16090000759	\$434,519.00	9/1/2009 to 8/31/2011
ARRA - GEUS	16090000779	\$309,461.00	9/1/2009 to 8/31/2011
ARRA – Life Rebuilders	16090000781	\$559,461.00	9/1/2009 to 8/31/2011

On-site review of Community Services, Inc. (CSI) implementation of the Department of Energy, Low Income Home Energy Assistance Program and American Recovery and Reinvestment Act of 2009 Weatherization Assistance Program (WAP). Specific areas of review included Financial Reporting, Contract Agreements, Procurement, Personnel and the Management of the Department of Energy, Low Income Home Energy Assistance Program and American Recovery and Reinvestment Act of 2009 contracts.

PY09 WAP MONITORING REPORT
OF
COMMUNITY SERVICES, INC.

Program Evaluation

The evaluation of the program consisted of: Interviews with the CSI personnel, analysis of the fiscal system, review of programmatic records, on-site inspections, client file reviews and inventory review.

The following was noted during the review:

- Low Expenditures for ARRA Contracts
- High Administrative Expenditure for DOE and ARRA Contracts
- High Health and Safety Expenditure for ARRA Contracts
- High Cost Per Unit (CPU) for ARRA Contracts

Section I. Financial Review

EXPENDITURES AS OF MARCH (DOE/LIHEAP) AND APRIL (ARRA) 2010

CONTRACT NAME	YEAR-TO-DATE EXPENDITURES	% OF ORIGINAL CONTRACT AMOUNT	# UNITS COMPLETED	# UNITS IN PROGRESS
DOE	\$522,191.00	52.01%	111	9
LIHEAP	\$683,788.00	53.26%	187	38
ARRA	\$888,771.00	18.18%	105	186
ARRA (Denton)	\$22,137.00	5.92%	6	6
ARRA (Lewisville)	\$4,913.00	3.34%	1	1
ARRA (Plano)	\$11,220.00	3.72%	3	2
ARRA (Tyler)	\$53,528.00	12.32%	11	1
ARRA (GEUS)	\$8,829.00	3.53%	1	2
ARRA (Life Rebuilders)	\$1,097.00	0.22%	0	0

PY09 WAP MONITORING REPORT
OF
COMMUNITY SERVICES, INC.

Recommended Improvement #1 Review of the March 2010 expenditure report for the DOE contract and April 2010 expenditure report for the DOE ARRA contracts revealed Administrative expenditures were above the maximum allowable of 5%. Current Administrative expenditures for the DOE contract are 6.80%. Current Administrative expenditures for the ARRA – City of Lewisville contract are 58.79%, ARRA – City of Plano contract are 8.75% and ARRA – GEUS contract are 17.87%. The Department reminds CSI that Administrative expenditures must be at or below the contract maximum by the contract closeout or be subject to disallowed cost.

Recommended Improvement #2 Review of the March 2010 expenditure reports for DOE ARRA contracts #16090000759 and #16090000660 revealed Health and Safety expenditures were above the maximum allowable of 20%. Current Health and Safety expenditures for the referenced contracts are 21.92% and 21.23% respectively. The Department reminds CSI that Health and Safety expenditures must be at or below the contract maximum by the contract closeout or be subject to disallowed cost.

Recommended Improvement #3 Review of the March 2010 expenditure report for the DOE ARRA contract #16090000660 revealed cost-per-unit expenditures above the maximum allowable of \$6,500.00. Current cost-per-unit expenditures for the referenced DOE ARRA contract are \$7,348.77. The Department reminds CSI that cost-per-unit expenditures must be at or below the contract maximum by the contract closeout or be subject to disallowed cost. Additionally, any unit that will exceed the maximum amount allowed by the DOE ARRA contract must be submitted to the Department for approval.

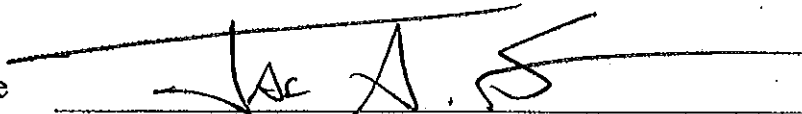
Finding #1 As of the April 2010 monthly expenditure reports, CSI had expended 18.18% of DOE ARRA contract #16090000660, 5.92% of DOE ARRA contract #16090000756, 3.34% of DOE ARRA contract #16090000757, 3.72% of contract #16090000758, 12.32% of contract #16090000759, 3.53% of contract #16090000779 and 0.22% of contract #16090000781. The DOE ARRA Contract requires the development and implementation of equitable WAP services throughout the entire service area.

Action Required The Department requires CSI to submit a detailed plan of action to increase production and adherence to the DOE Production Schedule in the response to this report. Failure to submit a plan to the Department may result in suspension of DOE ARRA contracts. **Reference: ARRA Contract Section 4**

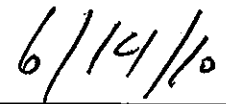
PY09 WAP MONITORING REPORT
OF
COMMUNITY SERVICES, INC.

Program Officer Jason A. Seale conducted an exit interview with CSI staff members Pauletta Hines, Tim Boyd and Steve Terry.

Signature



Jason A. Seale
Energy Assistance Program Officer



Date

PY09 WAP MONITORING REPORT
OF
COMMUNITY SERVICES, INC.

ATTACHMENT A

Units Reviewed	Comments
10 units reviewed	2 LIHEAP, 2 ARRA, 3 ARRA/LIHEAP, 3 DOE/LIHEAP

Client	Return(s) To Address
09-H-735	No returns
09-D-396	No returns
09-C-435	No returns
09-C-434	No returns
09-C-430	Return to replace fascia board/soffit behind rear living addition to protect insulation
09-C-437	No returns
09-H-727	No returns
09-H-736	No returns
09-H-740	No returns
09-H-745	No returns

Action Required: Return and address. Upon completion, verification of returns must be submitted to the Department within thirty (30) days of this report.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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June 28, 2010

Mr. Mark Bethune
Executive Director
Concho Valley Community Action Agency
36 West Beauregard Suite B-100
San Angelo, Texas 76902

Re: Department of Energy Weatherization Assistance Program Contract #56090000459
Department of Energy ARRA Weatherization Assistance Program Contract #16090000783
Department of Energy ARRA Weatherization Assistance Program Contract #16090000657
Department of Energy ARRA Weatherization Assistance Program Contract #16090000760
LIHEAP Weatherization Assistance Program Contract #81090000492

Dear Mr. Bethune:

Enclosed is a report that details the monitoring review of Concho Valley Community Action Agency's (Concho) Weatherization Assistance Program contracts with the Texas Department of Housing and Community Affairs (The Department). This information is provided to ensure that compliance with the contracts is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The monitoring report includes six (6) recommended improvements and eight (8) findings. Please submit a response to this office within thirty (30) days of the date of this letter.

If we can be of any assistance, please feel free to contact Rosy L. Falcon, Program Officer, at (512) 936-7810. The assistance provided to the Program Officer by the agency is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be "S. Gamble", with a horizontal line extending to the right.

Sharon Gamble
Manager
Energy Assistance Section

Directory of Monitoring Sections

- Section I. Financial Review
- Section II. Travel and Timesheets
- Section III. General Liability and Pollution Occurrence Insurance
- Section IV. Property Management
- Section V. Procurement
- Section VI. Audit
- Section VII. Personnel Policies and Practices
- Section VIII. Performance Review and Onsite Inspections
- Section IX. Administrative
- Section X. Client File Review Work Sheet and Multi-Family Review
- Section XI. Denied Files
- Section XII. Summary

**2009 WEATHERIZATION MONITORING REPORT
OF
CONCHO VALLEY COMMUNITY ACTION AGENCY**

Dates of Review: April 26-29, 2010

FOCUS OF REVIEW

CONTRACT NAME	CONTRACT NUMBER	* CONTRACT AMOUNT	CONTRACT DATES
DOE	56090000459	\$382,013.00	4/1/2009 to 3/31/2010
LIHEAP	81090000492	\$464,986.00	4/1/2009 to 3/31/2010
DOE ARRA	16090000783	\$500,000.00	9/1/2009 – 8/31/2011
DOE ARRA	16090000657	\$1,810,127.00	9/1/2009 – 8/31/2011
DOE ARRA	16090000760	\$421,717.00	9/1/2009 – 8/31/2011

* Latest contract amendments

On-site review of the Concho Valley Community Action Agency, (Concho) implementation of the Department of Energy's and Low Income Home Energy Assistance Program's Weatherization Assistance Program (WAP). Specific areas of review included Financial Reporting, Contract Agreements, Procurement, Personnel, and the Management of the Department of Energy and Low Income Home Energy Assistance Program contracts.

PROGRAM EVALUATION

The evaluation of the program consisted of: interviews with the Concho personnel, analysis of the fiscal system, review of programmatic records, on-site inspections, client interviews, and inventory review.

The following was noted during the review:

- DOE ARRA and LIHEAP Administrative expenditures are above the maximum allowed.
- DOE ARRA Health and Safety expenditures are above the maximum allowed.
- Cost per unit for LIHEAP is above the maximum allowed.

**2009 WEATHERIZATION MONITORING REPORT
CONCHO VALLEY COMMUNITY ACTION AGENCY**

- Current program expenditures are insufficient to expend all contract funds.
- Lack of sufficient support documentation for program expenditures.
- Lack of support documentation for expenditures in program
- DOE PY 08 funds are still outstanding.
- Inadequate travel and timesheet records.
- Inadequate mileage logs and vehicle and equipment maintenance and inventory records.
- Procurement contracts missing Reporting and Patent Rights contract clause.
- Lack of weatherization services and outreach efforts in Schleicher, Concho, Sutton, Irion, and Coke Counties.
- Inadequate Lead Safe Work Practices and RRP Final Rule records.
- Inadequacies in measures installed and record keeping.
- Inadequate support documentation for denied files.

Section I. Financial Review

EXPENDITURES AS OF MARCH 2010

CONTRACT NAME	YEAR-TO-DATE EXPENDITURES	% OF ORIGINAL CONTRACT AMOUNT *	# UNITS COMPLETED	# UNITS IN PROGRESS
DOE	\$251,140.14	65.74%	29	8
DOE ARRA	\$87,289.86	17.46%	6	19
LIHEAP	\$182,205.55	39.19%	29	8
DOE ARRA	\$227,850.55	12.59%	21	68
DOE ARRA	\$72,160.28	17.11%	5	17

* At the time of monitoring

**2009 WEATHERIZATION MONITORING REPORT
OF
CONCHO VALLEY COMMUNITY ACTION AGENCY**

Recommended Improvement #1: As of March 2010 Concho's Administrative ratio is at 8.19% for DOE ARRA #16090000657, DOE ARRA # 16090000459 is at 6.62% and LIHEAP is at 14.10% well above the maximum allowed for each of these grants. Concho is reminded that the Administrative ratio for DOE ARRA must be at or below 5% and the LIHEAP Administrative ration must be at or below 7.22% by the end of the contract term. Any cost above the maximum allowed ratio is subject to disallowed costs. **Reference: DOE, LIHEAP, and DOE ARRA Contracts Attachment A.**

Recommended Improvement #2: As of March 2010 Concho's Health and Safety expenditures are at 28.43% for DOE ARRA #16090000657, 30.39% for DOE ARRA #16090000760, and at 28.06% for DOE ARRA #16090000783 well above the allowable maximum ratio for each of these grants. Concho is reminded that the Health and Safety ratio for all DOE ARRA grants must be at or below 20% for each of their contracts by the end of the contract term. Any expenditure above the allowable maximum ratio will be subject to disallowed costs. **Reference: Texas Administrative Code §5.528**

Recommended Improvement #3: As of March 2010 Concho's cost per unit was at \$4,563.31 well above the maximum allowed per dwelling. Concho is reminded that the cost per unit must be at or below \$4,000.00 by the end of the contract term. Any expenditure above the allowed maximum will be subject to disallowed costs. **Reference: Texas Administrative Code §5.603.**

Finding #1: Concho's current program expenditures are at 7.67% for DOE ARRA #16090000657, at 6.74% for DOE ARRA #16090000760, at 7.42% for DOE ARRA #16090000783; at 65.74% for DOE and 39.19% for LIHEAP while 29.16% of their DOE ARRA and 100% of their DOE and LIHEAP contract has expired. **Reference: OMB A-110, Texas Administrative Code §5.141.**

Action Required: Concho must submit a plan of action to the Department detailing how they will reach their production goals for ARRA as well as how they will expend all DOE and LIHEAP funds for Program Year 2010. In addition Concho must begin to have their assessors perform assessments individually. The Agency is reminded that charges to Program Support must be tied directly to a home and if the assessors are not performing assessments they cannot charge their time to Program Support. In addition, salary hours that are tied to a home and charged to Program Support have a negative effect on the amount of funds that can actually be used in the client's home for energy improvements. If four (4) people are working on assessing the same home the funds left for use in the home diminishes significantly. The plan of action must be submitted as part of the response to this report.

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Recommended Improvement #4: A review of Concho's program expenditures revealed a lack of support documentation within the files. Although further research showed all expenditures were allowable, Concho must attach additional support documentation for each expenditure as it pertains to the program and expenditure. All procurement expenditures must have the quotes obtained attached so as to show compliance with procurement regulations, all mileage reimbursements must have completed and detailed mileage logs, and all expenditure support documentation must clearly denote fund and category charges. **Reference: OMB Circular A-110, Texas Administrative Code §5.141.**

Finding #2: A review of Concho's closeout documentation revealed the lack of documentation for the reimbursement of Program Year 2008 year end DOE funds to the Department. This lack of documentation resulted in \$195.95 of disallowed costs. **Reference: DOE and LIHEAP Contracts Section 11.**

Action Required: Concho must reimburse the Department \$195.95, please indicate DOE Contract #567069 on the check. Concho is reminded that any funds owed to the Department at the end of the contract term is due within sixty (60) days from the end of the program year.

Section II. Travel and Timesheets

Recommended Improvement #5: A review of Concho's travel and timesheets revealed a need for improvement in their record keeping. In order to substantiate the Agency's salary expenditures the Department strongly recommends that Concho administration add staff titles to the timesheets. In order to further transparency in the use of government funds Concho must attach a travel voucher to each travel expenditure that is to be fully completed prior to the disbursement of any funds, an agenda and/or description of the training must be attached, and a cost breakdown must be clearly shown on each travel expenditure. **Reference: A-122 Attachment B, ARRA Contract Section 35, DOE and LIHEAP Contract Section 29.**

Section III. Property Management

Finding #3: A review of Concho's vehicle and equipment records revealed inadequacies in their mileage log, a lack of maintenance logs and equipment inventory. The Agency's mileage log was missing specifics on location and purpose for visit; the equipment inventory list is insufficient and there is no maintenance log or schedule in place to assure the proper care and maintenance of all vehicles and equipment. **Reference: OMB A-123, ARRA Contract Section 21, DOE and LIHEAP Contract Section 17, 10 CFR 600.134 and 232.**

Action Concho must improve the Agency's mileage log to have each individual trip listed

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Required: per entry, a specific location and purpose must be clearly identified per trip, and a staff signature must accompany each trip. Concho must implement a maintenance log and schedule for each vehicle that is paid for by weatherization funds in order to ensure proper care is completed. Each mileage and maintenance log must clearly tie back to each vehicle. An inventory of all tools and equipment must be kept in order to track all items purchased by weatherization funds.

Section IV. Procurement

Note: The Department would like to remind Concho that if they decide to allow the use of Agency diagnostic equipment they must first establish policies and procedures detailing the specifics of the agreement between the two parties and how the Agency will ensure the equipment purchased through the use of government funds will be kept secure and in proper working order.

Finding #4: A review of the Agency's procurement contracts revealed the lack of inclusion of the Reporting and Patent Rights clause from all contracts. **Reference: OMB Circular A-110 Appendix A.**

Action Required: Concho must amend their contracts to reflect the inclusion of the Reporting and Patent Rights clause in each of the Weatherization Assistance Program current and future contracts.

Section V. Performance

Finding#5: A review of Concho's March 2010 Expenditure and Programmatic Reports revealed a lack of weatherization service and outreach activities in Schleicher, Concho, Sutton, Irion, and Coke counties. **Reference: ARRA Contract Section 4, Texas Administrative Code §5.503.**

Action Required: Concho must ensure that they serve their service area in an equitable basis. In addition, a well documented record must be kept for all outreach related activities throughout the service area. Special attention must be paid to those areas that have been historically underserved. Concho must submit to the Department documentation of where the funds for the above mentioned counties were allocated and how they calculated that for Program Year 2009 and how they plan to serve the counties with the ARRA funds as part of the Agency's response to this report.

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Recommended Improvement #6: Concho Valley must begin and maintain a file with all documentation as it pertains to compliance with the Lead Renovation, Remodeling, and Painting Final Rule from the Environmental Protection Agency (EPA). In addition, the Agency must maintain a record of their Firm Certification, as well as certification for all of their Lead Renovators and that of their contractors. Concho must also ensure that their Lead Certified Renovator(s) keep up with their duties as required by EPA's Final Rule. This procedure must all be in place prior to beginning and performing any work on any homes that were built pre-1978. **Reference: Weatherization Program Notice 09-6, EPA Final Rule, 10 Texas Administrative Code §5.524.**

Finding#6: The Department conducted sixteen (16) unit inspections out of which Concho must return to fourteen (14) units. All of the noted issues and reasons for the return are noted in Attachment A, found at the end of this report.

There was a lack of evidence in the use of all twenty (24) tubes of caulk in two (2) of the units. In four (4) of the units inspected there were "Other Heater Repair" cost associated with installation of water heater vent cap on top of roof, per sub-agency representative. However, the first floor vent merges into second floor vent resulting in only one vent cap. This has revealed \$800.00 in questionable costs (Units [REDACTED], [REDACTED], [REDACTED], [REDACTED]). **Reference: (Please refer to Attachment A for returns on units), Texas Administrative Code §5.529, Texas Administrative Code §5.528.**

Action Required: Concho must return to address all deficiencies in the 14 units referenced in Attachment A of this report. A detailed list of measures done must be included with their response to this report.

Concho must account for all measures installed more accurately. If a situation arises in which an abnormal amount of material may need to be used this should be noted somewhere on the file, preferably on the BWR. Any future issues with the reconciliation of the BWR and the materials installed may result in disallowed costs. Concho must submit to the Department all the necessary support documentation as proof that no first floor units in this complex have a charge for a vent cap. For those units that had a charge at the time of monitoring support documentation must be submitted to reflect the correction in charge and that the Weatherization Assistance funds were appropriately charged. Concho must include this with their response to this report.

Section VI. Client File Review

Finding #7: A review of Concho's client files revealed three (3) out of the nine (9) lacked the necessary thirty (30) day proof of income for the residents. In seven (7) of the nine (9) files the Building Weatherization Report (BWR) did not contain an

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			<p>G2425.4</p> <p>6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3</p> <p>7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529</p>
██████████	ARRA	Yes	<p>Return and address the following:</p> <p>1) Reinstall combustion air ducts at HVAC mechanical closet to comply with IRC-G2407.11.1 and IRC-2407.15</p> <p>2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24</p> <p>3) Heater/Air Handler unit, flexible gas line through appliance housing. Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2</p> <p>4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1</p> <p>5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4</p> <p>6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3</p> <p>7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529</p> <p>8) Attic hatch not boxed. CFR 440.16</p>
██████████	ARRA	Yes	<p>Return and address the following:</p> <p>1) Reinstall combustion air ducts at HVAC mechanical closet to comply with IRC-G2407.11.1 and IRC-2407.15</p> <p>2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24</p> <p>3) Heater/Air Handler unit, flexible gas line through appliance housing. • Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2</p> <p>4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1</p> <p>5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4</p> <p>6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3</p>

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			7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529
██████	ARRA	Yes	<p>Return and address the following:</p> <ol style="list-style-type: none"> 1) Reinstall combustion air ducts at HVAC mechanical closet to comply with IRC-G2407.11.1 and IRC-2407.15 2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24 3) Heater/Air Handler unit, flexible gas line through appliance housing. <p>Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2</p> <ol style="list-style-type: none"> 4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1 5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4 6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3 7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529
██████	ARRA	Yes	<p>Return and address the following:</p> <ol style="list-style-type: none"> 1) Reinstall combustion air ducts at HVAC mechanical closet to comply with IRC-G2407.11.1 and IRC-2407.15 2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24 3) Heater/Air Handler unit, flexible gas line through appliance housing. <p>Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2</p> <ol style="list-style-type: none"> 4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1 5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4 6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3 7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529 (unit is located on the first floor, attic insulation price is allocated to first and second floor)
██████	ARRA	Yes	<p>Return and address the following:</p> <ol style="list-style-type: none"> 1) Reinstall combustion air ducts at HVAC mechanical

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			<p>closet to comply with IRC-G2407.11.1 and IRC-2407.15</p> <p>2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24</p> <p>3) Heater/Air Handler unit, flexible gas line through appliance housing.</p> <p>Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2</p> <p>4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1</p> <p>5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4</p> <p>6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3</p> <p>7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529</p>
██████████	ARRA	Yes	<p>Return and address the following:</p> <p>1) Reinstall combustion air ducts at HVAC mechanical closet to comply with IRC-G2407.11.1 and IRC-2407.15</p> <p>2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24</p> <p>3) Heater/Air Handler unit, flexible gas line through appliance housing.</p> <p>Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2</p> <p>4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1</p> <p>5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4</p> <p>6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3</p> <p>7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529 (unit is located on the first floor, attic insulation price is allocated to first and second floor)</p>
██████████	ARRA	Yes	<p>Return and address the following:</p> <p>1) Reinstall combustion air ducts at HVAC mechanical closet to comply with IRC-G2407.11.1 and IRC-2407.15.</p> <p>2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24</p> <p>3) Heater/Air Handler unit, flexible gas line through</p>

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			<p>appliance housing. Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2 4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1 5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4 6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3 7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529</p>
<p>██████████</p>	<p>ARRA</p>	<p>Yes</p>	<p>Return and address the following: 1) Reinstall combustion air ducts at HVAC mechanical closet to comply with IRC-G2407.11.1 and IRC-2407.15 2) Install gas vent at HVAC unit to be in compliance with IRC-Chapter 24 3) Heater/Air Handler unit, flexible gas line through appliance housing. Reinstall appliance fuel connector to be in compliance with IRC-C2421.1.2 4) HVAC unit, install mastic at unit to be in compliance with IRC- M1601.3.1 5) Install insulation shield at HVAC vent and water heater vent at attic area to be in compliance with IRC-G2425.4 6) Bathroom vent not connected to vent duct at attic area. Install/Connect bathroom vent to be in compliance with IRC-R303.3 7) Add attic insulation to required R-Value. CFR 440.16, TAC 5.529 (unit is located on the first floor, attic insulation price is allocated to first and second floor)</p>



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June 21, 2010

Mr. David Ojeda
Executive Director
Community Services Agency of South Texas
P. O. Box 488
Carrizo Springs, TX 78834-6488

Re: Department of Energy Weatherization Assistance Program Contract #56090000457
Department of Energy ARRA Weatherization Assistance Program Contract #16090000769
LIHEAP Weatherization Assistance Program Contract #81090000490
LIHEAP Comprehensive Energy Assistance Program Contract #58090000403

Dear Mr. Ojeda:

Enclosed is a report that details the monitoring review of Community Services Agency of South Texas' Weatherization Assistance Program and Comprehensive Energy Assistance Program contracts with the Texas Department of Housing and Community Affairs (The Department). This information is provided to ensure that compliance with the contracts is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The monitoring report includes two (2) recommended improvements and sixteen (16) findings for the Weatherization Assistance Program, and two (2) findings for the Comprehensive Energy Assistance Program. Please submit a response to the Weatherization Assistance Program monitoring report to this office within thirty (30) days of the date of this letter, and within forty-five (45) days for the Comprehensive Energy Assistance Program monitoring report.

If we can be of any assistance, please feel free to contact Rosy L. Falcon, Program Officer, at (512) 936-7810. The assistance provided to the Program Officer by the agency is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon Gamble", written over a horizontal line.

Sharon Gamble
Manager
Community Affairs

CC: Mr. Roel Rodriguez, Jr.

Directory of Monitoring Sections

- Section I. Financial Review
- Section II. Travel and Timesheets
- Section III. General Liability and Pollution Occurrence Insurance
- Section IV. Property Management
- Section V. Procurement
- Section VI. Audit
- Section VII. Personnel Policies and Practices
- Section VIII. Performance Review and Onsite Inspections
- Section IX. Administrative
- Section X. Client File Review Work Sheet and Multi-Family Review
- Section XI. Denied Files
- Section XII. Summary

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Dates of Weatherization Program Review: February 8-11, 2010

Dates of Weatherization and CEAP Review: March 1-4, 2010

FOCUS OF REVIEW

CONTRACT NAME	CONTRACT NUMBER	* CONTRACT AMOUNT	CONTRACT DATES
DOE	56090000457	\$388,597.00	4/1/2009 to 3/31/2010
LIHEAP	81090000490	\$473,654.00	4/1/2009 to 3/31/2010
DOE ARRA	16090000769	\$1,842,716.00	9/1/2009 to 8/31/2011
LIHEAP – CEAP	58090000403	\$1,056,927.00	1/1/2009 to 12/31/2009

* Latest contract amendments

On-site review of the Community Services Agency of South Texas' (CSA of South Texas) implementation of the Department of Energy and Low Income Home Energy Assistance Program's Weatherization Assistance Program (WAP) and Comprehensive Energy Assistance Program (CEAP). Specific areas of review included Financial Reporting, Contract Agreements, Procurement, Personnel, and the Management of the Department of Energy and Low Income Home Energy Assistance Program contracts.

PROGRAM EVALUATION

The evaluation of the program consisted of interviews with the Community Services Agency of South Texas' personnel, analysis of the fiscal system, review of programmatic records, on-site inspections, client interviews, and inventory review.

The following was noted during the review:

- Monthly general ledger did not reconcile with submitted expenditure reports.
- At the time of monitoring the DOE, LIHEAP, and ARRA Administrative expenditures were higher than the allowable maximum.
- At the time of monitoring the LIHEAP average cost per unit was higher than the allowed maximum.

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- Lack of support documentation for expenditures.
- DOE and LIHEAP expenditures are significantly lower than the necessary to fulfill contract term.
- Bank reconciliations and corrections are not performed in a timely manner; there was a lack of support documentation for adjusting entries.
- Bank signature cards are not updated regularly.
- Lack of effective separation of duties.
- Lack of accountability on interest earned above \$250.00.
- Units charged to Program Year 2008 were not completed in accordance to the contract.
- Staff timesheets contained inadequate information.
- Lack of documentation for inventory of materials and maintenance of equipment.
- Lack of mileage logs and maintenance schedule for vehicles.
- Lack of procurement documentation.
- At the time of monitoring the Audit Certification Letter had not been submitted to the Portfolio Management and Compliance Division.
- Lack of documentation of services and outreach efforts in Edwards and Real County.
- Lack of documentation that both the Lead Hazard Information Pamphlet was provided to the clients and that Lead Safe Work Practices were followed.
- Lack of documentation for the Multifamily Project.
- Lack of sufficient support documentation for denied client files.
- Lack of adequate assessments in the Heating and Cooling component of the CEAP program.
- Replacement of Heating and/or cooling appliances that did not rank utilizing the CEAP tool

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WEATHERIZATION ASSISTANCE PROGRAM

Section I. Financial Review

EXPENDITURES AS OF DECEMBER 2009

CONTRACT NAME	YEAR-TO-DATE EXPENDITURES	% OF ORIGINAL CONTRACT AMOUNT *	# UNITS COMPLETED	# UNITS IN PROGRESS
DOE	\$120,252.75	30.95%	30	4
LIHEAP	\$215,245.81	33.27%	33	4
DOE ARRA	\$0.00	0.00%	0	0

* At the time of monitoring

Finding#1: A review of the September and December 2009 Monthly Expenditure Reports for LIHEAP and the August and December 2009 Monthly Expenditure Reports for DOE revealed an inconsistency between the Monthly Expenditure Reporting to the Department and the Agency's general ledger. At the time of monitoring there was no appropriate backup prepared to justify the variance. A second visit was required in order to verify adjusting entries were properly processed and that supporting documentation was attached.

Action Required: CSA of South Texas must maintain accurate, current, and complete general ledgers, working papers, and any other financial documents used in ensuring the accuracy of the Agency's reporting. CSA of South Texas must prepare financial documents in a timely manner in order to minimize the need for correcting journal entries. The Department recommends CSA of South Texas institute an internal closing date for debit postings in order to facilitate more accurate Monthly Expenditure Reporting. **Reference: OMB Circular A-110, Subpart C, 21**

Recommended Improvement #1: As of December 2009 the Administrative expenditure ratio for DOE was at 9.36% and at 10.65% for LIHEAP, well above the maximum allowable expenditure. CSA of South Texas is reminded that expenditures for Administration must be at or below 5% for DOE and 7.22% for LIHEAP by the end of the contract term. It is imperative that closer attention be paid to the production schedule in order to not exceed the above referenced maximum allowable expenditure ratios. Any expenditure above the allowable maximum is subject to disallowed costs. **Reference: DOE and LIHEAP Contracts Attachment A.**

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Recommended Improvement #2: As of December 2009 the average cost per unit for LIHEAP was at \$4,109.52, well above the maximum allowed expenditure. CSA of South Texas is reminded that average cost per unit must be at or below the maximum allowed expenditure by the end of the contract term. It is imperative that closer attention be paid to the production schedule in order to meet the above mentioned ratio. Any expenditure above the allowable maximum is subject to disallowed costs. **Reference: DOE and LIHEAP Contracts Attachment A.**

Finding #2: A review of CSA of South Texas' September, August, and December 2009 expenditures revealed lack of support documentation for Check #55491 made out to Nolan's Office Products in the amount of \$2,904.03. Insufficient backup resulted in \$100.00 of questioned costs.

Action Required: CSA of South Texas must submit sufficient support documentation to account for \$2,904.03 in expenditures. CSA of South Texas is expected to maintain adequate records of all expenditures. **Reference: OMB Circular A-110, Subpart C_.21**

Finding #3: As of December 2009 CSA of South Texas has expended 33.27% of funds in LIHEAP, 30.95% in DOE, and 0.00% in DOE ARRA while 84% of their LIHEAP and DOE contract period and 16.66% of their DOE ARRA contract period has expired.

Action Required: CSA of South Texas must submit a plan of action clearly detailing how they will expend all funds in their various contracts, as part of their response to this report. CSA of South Texas must pay immediate attention to production schedules in order to expedite current expenditures for the Weatherization Assistance Program. CSA of South Texas must seek out training opportunities in order to enrich their workforce as well as expend their funds in a timely manner. **Reference: OMB Circular A-110, Subpart C_.21 (b) (2) (3) (4)**

Finding #4: A review of CSA of South Texas' November and December 2009 reconciliation reports revealed untimely processing, insufficient support documentation to justify adjusting entries, and a lack of an effective separation of duties for processing and review, as well as review and approval of variances.

Action Required: CSA of South Texas must establish and immediately implement a monitoring process to reconcile fund activity on a monthly basis. In addition CSA of South Texas must establish and implement separation of duties in the preparation, review, and approval of all reconciliations, adjusting entries, and journal entries. Any adjusting entries must be properly documented and kept available for review, and must be performed on a monthly basis and not done at year end. The Department recommends that CSA of South Texas obtain outside technical

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assistance to assure they are in compliance. **OMB Cir. A-110, Att.C_.21 (b)(2)(3)(4), 1 Texas Administrative Code § 5.141**

Finding #5: A review of CSA of South Texas' internal controls revealed a lack of separation of duties in the preparation, authorization, and distribution of checks as well as an outdated bank signature card on file since 2004. Currently the Chief Financial Officer (CFO) of CSA of South Texas is both the supervisor for the Weatherization and Comprehensive Energy Assistance Programs and the Accounting Department. This structure is not efficient as it allowed for the same person to initiate, authorize, and process the same transaction, thus bypassing any effective checks and balances. At the time of monitoring the staff could not determine where the safe was, which contained both check signature stamps. The key to the safe was kept by the CFO who is able to authorize and print checks.

Action Required: CSA of South Texas is instructed to follow their Accounting Policies and Procedures when preparing, authorizing, and distributing checks. CSA of South Texas must submit to the Department an Organizational Chart, and must implement procedures ensuring separation of duties will be followed when experiencing vacancies. The Organizational chart must reflect a clear separation between the Financial Department and Program Services. Under no circumstances should one person authorize purchases for the Program and Accounting Departments.

CSA of South Texas is also expected to immediately update the Signature Bank Card and perform any necessary updates in a timely manner. CSA of South Texas is expected to establish a permanent location for the safe and key(s) be issued to staff without access to check authorization and/or printing only.

CSA of South Texas must purchase a safe that is not easily misplaced, and must find a secure permanent location for it. **Reference: OMB Circular A-110, Subpart C_.21.**

Finding #6: A review of CSA of South Texas' General Fund Accounting revealed a lack of tracking of interest earnings as well as a lack of procedures to ensure interest earned in excess of \$250.00 is reimbursed in accordance with federal requirements.

Action Required: CSA of South Texas must establish procedures to ensure interest earned on federal grants is reimbursed to the proper funding source in accordance with federal regulations, governing program income. CSA of South Texas is urged to procure training in their MIP Accounting software so it is possible to clearly track expenditures and revenues for each grant since all money coming into the Agency is kept in one account. **Reference: OMB Circular A-110, Subpart C_.24.**

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Section II. Travel and Timesheets

Finding #7: A review of CSA of South Texas' Weatherization Assistance Program staff timesheets revealed inadequate information. Timesheets did not substantiate expenditures for each employee.

Action Required: CSA of South Texas must ensure the charges for the Weatherization Assistance Program staff timesheets are correctly allocated to reflect duties performed and that positions are clearly charged to the appropriate categories. CSA of South Texas must add a job title field to their Program Activity Form and is expected to utilize their Program Activity Form for each employee paid with WAP funds.
Reference: OMB Circular A-122 Attachment B § 8

Section IV. Property Management

Finding #8: CSA of South Texas did not provide documentation that a physical inventory is performed for materials kept in the warehouse or that a control system is in place that will allow for the safeguarding of program materials. CSA of South Texas temporarily houses refrigerators that are not able to get installed in client homes when delivered. CSA of South Texas did not provide documentation that allows for the tracking of such materials from the vendor to a client's home.

Through staff interviews, a review of procurement documentation, and an onsite visit to CSA of South Texas' warehouse it was determined that CSA of South Texas was allowing their contractors the use of the Agency's insulation blower machine, generator, and trailer free of charge. In addition it was determined that CSA of South Texas did not have a rental agreement between the Agency and the contractors in place for the use of the tools and equipment. During the Department's visit and through various emails CSA of South Texas was instructed to stop the use of the insulation blower machine until a fee schedule was settled and a rental agreement is in place between the Agency and each contractor. Continued use of the equipment prior to the fee schedule establishment and rental agreement will lead to disallowed costs.

Action Required: CSA of South Texas is expected to immediately establish a control system for materials kept in their possession, to include materials housed on a temporary basis, such as refrigerators. CSA of South Texas must establish a fee schedule that satisfies all requirements along with a rental agreement that ensures the equipment will be safeguarded and clearly delineates the responsibilities and liabilities that lies with each party. CSA of South Texas must submit a copy of the fee schedule and rental agreement to the Department as part of their response

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to this report. **Reference: DOE and LIHEAP Contracts Section 17, 10 CFR 600.232, OMB A-110 Section 34 (b)**

Finding #9: CSA of South Texas was unable to provide documentation that equipment and vehicles are maintained in good working order, vehicle records were found to be lacking a proper mileage log, and no property management standards for equipment were followed.

Action Required: CSA of South Texas must ensure that adequate maintenance procedures are developed and equipment and vehicles are kept in good working order. Equipment and vehicles acquired from Maverick County must be inspected to determine if any maintenance is needed. If it is determined that any equipment is in need of repair or maintenance appropriate action must be taken immediately. Proper mileage logs must be created and maintained for each Weatherization Assistance Program vehicle. One mileage log entry shall not encompass the entire trip; each trip should have at minimum two entries, one reflecting the departure from the Agency and another reflecting the return to the Agency. The first entry must be logged from the Agency to the desired destination and a second entry is necessary reflecting the information from the desired destination back to the Agency, and the purpose of the trip must also be clearly noted. CSA of South Texas must establish and follow proper property management standards for all equipment owned. **Reference: 10 CFR 600.134 (f) (5) and 10 CFR 600.232 (d) (4), OMB Circular A-122 Attachment B, 10 CFR 600.232, OMB Circular A-110 .34 Equipment**

Section V. Procurement

Finding #10: CSA of South Texas was unable to provide documentation of the procurement process used to procure Grainger, Fernando Munoz, and Ernest White. This review revealed a lack of documentation for \$8,567.22 in expenditures.

Action Required: CSA of South Texas must reimburse the Department \$8,567.22, please indicate LIHEAP Contract # 81090000490 on the check. CSA of South Texas must reimburse the Department \$692.00, please indicate DOE Contract #56090000457 on the check. The total amount CSA of South Texas must reimburse the Department is \$8,567.22. The Department expects CSA of South Texas will ensure proper procurement procedures for all weatherization materials, labor, and services will be followed as well as maintaining proper documentation for all procurement as it pertains to the Weatherization Assistance Program. **Reference: Texas Administrative Code §5.10**

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Section VI. Audit

Finding #11: At the time of monitoring CSA of South Texas had not submitted their Audit Certification Letter to the Portfolio Management and Compliance Division.

Action Required: CSA of South Texas is expected to submit the Agency's Audit Certification Letter to the Texas Department of Housing and Community Affairs Portfolio Management and Compliance Division. **Reference: DOE and LIHEAP Contract Section 16, OMB Circular A-133.**

Section VIII. Performance Review

Finding #12: A review of CSA of South Texas' December 2009 Monthly Expenditure Report revealed a lack of weatherization services in Edwards and Real Counties. Furthermore, there was also a lack of documentation of any outreach efforts performed in Edwards and Real Counties.

Action Required: CSA of South Texas must ensure that they serve their service area in an equitable basis. Outreach efforts must be documented for every county and a file must be maintained for monitoring purposes. **Reference: DOE and LIHEAP Contract Section 3, Texas Administrative Code §5.703**

Finding #13: A review of CSA of South Texas client files revealed a lack of documentation for providing clients with Lead Hazard Informational Pamphlets and that the Lead Safe Work Practices were followed.

Action Required: CSA of South Texas must ensure all future work done under the contract complies with all Lead Safety requirements. It is of special importance to assure all contractors attend a Lead Renovators Certification training as soon as possible, but no later than April 22, 2010. A copy of all Lead Safe trainings and certifications must be kept in at the Agency for monitoring purposes. **Reference: Weatherization Program Notice 09-6, Texas Administrative Code §5.521, Texas Administrative Code §5.524**

Finding #14: CSA of South Texas had deficiencies in the installation of insulation, ventilation and the water heater replaced on three (3) out of the twenty three (23) units inspected. There was improper use of the Carbon Monoxide (CO) detector during the inspections. The CO reading was tested after the baseline was taken indoors next to the lit combustion appliance to be tested.

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Action Required: CSA of South Texas must return to the units listed in Attachment A and address the deficiencies noted within the attachment. CSA of South Texas must submit in response to this report a summary of all actions and measures taken to address the units requiring a return. CSA of South Texas must familiarize themselves with the proper use of their equipment in order to ensure the Health and Safety of their clients. The Department wants to remind CSA of South Texas of the importance of CO testing as part of their assessment/final inspection process and that the baseline must be taken for 60 seconds outdoors in order to obtain an accurate reading. **Reference: 10 C.F.R. Part 440, Attachment A**

Section X. Multifamily Review

Finding #15: A review of CSA of South Texas' files revealed the lack of a master file for the Crystal City Housing Authority, lack of sufficient documentation to determine eligibility, lack of Landlord Financial Participation Form, lack of Permission to Conduct an Energy Audit Form, insufficient income documentation, and improper completion of assessment tools.

Expenditures charged to Program Year 2008 were in violation of CSA of South Texas's own Accounting Policies and Procedures, and in violation of program guidelines as only one (vacant unit) out of the 26 applications was obtained during Program Year 2008.

There is a discrepancy between application dates, income and income verification, assessments, audits, and purchase orders and invoices that create a question as to the ability to fully determine the qualification of the project (See Attachment B). The twenty five (25) applications for this project were obtained in April 2009 and May 2009 which was not Program Year 2008; income verification performed on 3/30/09 and 3/31/09, consumption reports were obtained in April 2009 and May 2009, all assessments were completed on 3/31/09, the EZ Audit was completed on 3/31/09 for seventeen (17) units, and materials were purchased prior to the application being received as well as the audit being run for twenty (21) of the units. Documentation for this project demonstrates that on 3/31/2009 one staff member performed income verification on four (4) units, twenty six (26) assessments in Crystal City, created seventeen (17) EZ Audits, purchased materials for all twenty six (26) units, and was going through a TDHCA Program Monitoring in Carrizo Springs, while the employee vehicle mileage log shows the employee to be in Uvalde, TX and is certified by the employee signature.

The lack of proper recordkeeping in CSA of South Texas made it not possible for them to determine how much of this project's expenditures were charged to Program Year 2008. This lack of documentation and timing irregularities revealed \$71,007.88 in questioned costs.

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Action Required: CSA of South Texas must provide the Department, documentation within their response to this report, proving they had the necessary Landlord forms completed, obtain the necessary proof of income from the listed tenants in Attachment B, and that tenants were income eligible prior to performing the whole house energy assessments, audits and the purchase of the materials. CSA of South Texas must submit documentation detailing the expenditures per fund charged to Program Year 2008 and Program Year 2009. Included in this expenditure report they must indicate which units were charged to Program Year 2008 and which were charged to Program Year 2009. In addition, CSA of South Texas must submit documentation detailing how the process for this multifamily was accurately done when one staff member performed income verification on four (4) units, twenty six (26) assessments in Crystal City, created seventeen (17) EZ Audits, purchased materials for all twenty six (26) units, and was going through a TDHCA Program Monitoring in Carrizo Springs, while the employee vehicle mileage log shows the employee to be in Uvalde, TX and is certified by the employee signature.

The Department expects CSA of South Texas will ensure the proper procedures for all multifamily projects will be followed as well as maintaining proper documentation as it pertains to the Weatherization Assistance Program. CSA is expected to receive extensive training on income verification, case management, and multifamily preparation as soon as training is available. CSA of South Texas must complete a Masterfile for all multifamily projects it is planning to weatherize. **Reference: Texas Administrative Code §5.525 and Texas Administrative Code §5.20, Texas Administrative Code §5.529, DOE and LIHEAP Section 10 Record Keeping Requirements, 10 C.F.R. 440.22**

Section XI. Denied Files

Finding #16: A review of CSA of South Texas's denied files revealed a lack of proper support documentation. Support documentation for denials did not contain sufficient support documentation needed to not have the Agency's determination overturn should an appeal be filed with the Department.

Action Required: CSA of South Texas is expected to utilize assessments and pictures when the Agency must deny weatherization services and a signed statement from the client when the client is refusing services. **Reference: Texas Administrative Code §5.505.**

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Section XII. Summary

CSA of South Texas is not only expected to follow all rules and regulations but must also adhere to Best Practices as they relate to the Weatherization Assistance Program. It is necessary for CSA of South Texas to receive extensive technical assistance on all aspects of the Weatherization Assistance Program, especially strategic planning. Training on the management and implementation of the program is vital to the success of CSA of South Texas' Weatherization Assistance Program.

Due to the deficiencies in Accounting and record keeping, lack of documentation for procurements, irregularities on the multifamily project, lack of effective separation of duties, and a lack of effective safeguards for the check processing and distribution CSA of South Texas must be placed on Cost Reimbursement immediately.

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COMPREHENSIVE ENERGY ASSISTANCE PROGRAM

EXPENDITURES AS OF DECEMBER (FINAL) 2009

CATEGORY/ COMPONENT	YEAR-TO-DATE EXPENDITURES	% OF CONTRACT
ADMINISTRATION	\$75,990.09	7.2 %
ASSURANCE 16	\$64,518.29	6.12 %
ENERGY CRISIS	\$185,788.09	17.62 %
CO-PAYMENT	\$52,903.69	5.02 %
ELDERLY DISABLED	\$404,899.96	38.39 %
HEATING AND COOLING	\$224,848.44	21.32 %
DIRECT SERVICE SUPPORT	\$45,757.00	4.34 %

Finding #17: A review of employee timesheets revealed:

- A) CSA paid one time merit payments to six (6) employees out of CEAP funds. While there is a provision to allow merit payments, CSA did not cost allocate the payment by program, according to the percentage of time each employee spends on a specific program. The entire merit payment was paid solely out of CEAP program funds. As a result, the Department has questioned \$ 2,178.80 and disallowed \$ 625.07 from the merit payments (see Attachment C).
- B) CSA fails to complete Change of Status forms in the employee files. While reviewing support documentation, Change of Status or Employee Status Change forms were not complete as the distribution codes do not document what funding source changed. The inability to document the changes makes it difficult or impossible to justify salaries charged to the CEAP program which may result in questioned or disallowed costs.

Action Required: As part of the response to this report,

- A) CSA must assure the Department that any future merit payments or increase in pay will be cost allocated according to the duties of the employee as documented in the employee file. In addition, as part of the response to this report, CSA must provide support documentation for the questioned costs, to justify the correct allocation from the funding sources the employee was

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previously paid from. Lastly, CSA must reimburse the Department \$ 625.07 for the non CEAP percentage of the merit payments noted in Attachment C.

- B) CSA must provide an assurance to the Department that any Change of Status or a merit increase, will have the change of status form completed in its entirety, to include documenting the correct funding sources and any other specific section when applicable.

Reference: Circular A122 att B 8 M; Circular A 102 and A-87

Finding #18: A review of seventeen (17) Heating and Cooling files revealed:

- A. Fifteen (15) files lacked assessments or were not complete. The lack of complete assessments do not allow for the determination whether or not an appliance is efficient, thus any replacement or repair of any and all heating and cooling is not justified. The lack of justification for repair or replacement results in disallowed or questioned costs.
- B. Nine (9) files that contained incomplete assessments, had heating or cooling appliances replaced when the assessment did not allow for replacement. Appliances were replaced when the assessment stated the existing unit was documented as "new", "making a rattling sound" or the assessment showed efficient appliances. Replacement of units that are documented as "new" or efficient is not allowable since the documentation provides the assumption that the appliance is not consuming energy inefficiently. The purpose of the component is to only address (repair, replace or retrofit) inefficient appliances.
- C. One (1) file where a window air conditioner was replaced and three (3) files where water heaters were replaced in each when the appliance tool did not show the minimum savings needed for replacement of said unit.
- D. One (1) file where a Central HVAC system was replaced when the appliance was documented as inoperable. By replacing an inoperable unit, CSA only increased the energy consumption of the household defeating the purpose of the component, which is to reduce energy consumption.

Attachment D reflects Finding #18

Action Required:

- A. As part of the response to this report, CSA must provide an assurance that all heating and cooling assessments will contain detailed information to determine and justify the repair, replacement or retrofit of a Heating and Cooling appliance. As a result of the fifteen (15) units, that did not have complete assessments, The Department has determined \$40,727.00 in disallowed costs and \$50.00 in questioned costs. As part of the response to this report, CSA must reimburse the Department \$40,727.00 and provide justification on the expenditure of \$50.00 for an assessment when the assessment was not complete.
- B. As part of the response to this report, CSA must provide an assurance that heating and cooling appliances will not be replaced when the documentation states the appliance is new, making a rattling sound or when the appliance is efficient. As a result of this finding, the Department has determined \$8,632.00 to be disallowed expenditures and \$5,000.00 in questioned costs. CSA must provide documentation on the questioned costs

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that provides adequate justification detailing the need for replacement from the efficiencies of the replaced and replacement appliance. As part of the response to this report CSA must reimburse the department \$8,632.00.

- C. As part of the response to this report, CSA must provide an assurance that replacement of Heating and Cooling appliances will only be replaced when the assessment tools provide the minimum required savings of twenty-five percent (25%) for window air conditioners and a one (1) or greater for water heaters. As a result of this finding the Department has determined \$2,368.07 to be disallowed and CSA must submit the reimbursement as part of the response to this report.
- D. As part of the response to this report, CSA must provide an assurance that heating and cooling appliances will not be repaired, replaced or retrofitted, when the appliance is inoperable. As a result of the finding CSA must reimburse the Department \$4,000.00 for the replacement of the Central HVAC and must submit the reimbursement as part of the response to this report.

Reference: T.A.C. 10 § 5.426

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ATTACHMENT A

Units Inspected	Fund Source	Return	Comments
09 DIG 956	DOE / LIHEAP	No	No Return
09 ZAC 951	DOE	No	No Return
09 ZAG 955	DOE	No	No Return
09 LSR 970	DOE / LIHEAP	No	No Return
09 ZAR 748	DOE / LIHEAP	No	No Return
09UVG982	DOE	Yes	Attic insulation at rear part of the house not up to R- value. Approximate R-12 present. Return and install insulation up to the required R-value.
09UVQ978	DOE / LIHAP	No	No Return
09UVM979	LIHEAP	No	No Return
09ZAM749	DOE / LIHAP	No	No Return
09ZAM749	DOE / LIHEAP	No	No Return
09MVS964	LIHEAP	No	No Return
09MVR993	LIHEAP	No	No Return
09MVM989	DOE	No	No Return
09MVS966	LIHEAP	Yes	Return to add additional vent ventilation to attic. Install door bottom on back north door.
09MVQ1002	DOE/LIHEAP	Yes	Return to bring up the water heater that was replaced to code.
09UVM958	DOE/LIHEAP	No	No Return.
09UVR983	DOE/LIHEAP	No	No return.
09VVM1010	LIHEAP	No	No return
RB	DOE/LIHEAP	No	No return.
MC	DOE/LIHEAP	No	No return.
082AM733	DOE/LIHEAP	No	No return.
082HA726	DOE/LIHEAP	No	No return.
082AP743	DOE/LIHEAP	No	No return.

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ATTACHMENT B

Unit	Comments
█	<p>Application obtained during Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/31/09) could be accurately determined prior to them applying (4/8/09) for services; the audit (5/14/09) could be accurately processed prior to obtaining the consumption report; it was determined the client was eligible for services (assessment [3/31/09]) prior to completing the application process.
█	<p>Application obtained during Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (5/25/09) for services; income eligibility was reached as the income proof was insufficient, it was a December 2008 timesheet and not a paystub, the employee and time-keeper signature line was blank; the consumption report (4/28/09) could be obtained prior to the client signing the release form (5/25/09); it was determined the client was eligible for services (assessments [3/31/09]) prior to completing the application process.
█	<p>Application obtained during Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/8/09) for services; income eligibility was reached as income documentation was insufficient, the Housing Authority verification form utilized was from April 2008; Agency is reminded that the income must be from the thirty (30) day period prior to the date of application and all work must be completed within one (1) year of the proof of income (4/2009) and work was completed on 6/25/2009; the consumption report (4/16/09) could be obtained prior to the client signing the release form (4/8/09); it was determined the client was eligible for services (assessments [3/31/09]) prior to completing the application process.
█	<p>Application obtained in Program Year 2008. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> it was determined this vacant unit was eligible for services (assessments [3/31/09]) prior to establishing building eligibility.
█	<p>Application obtained during Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (5/25/09) for services; the consumption report (4/28/09) could be obtained prior to the client signing the release form (5/25/09); it was determined the client was eligible for services (assessments [3/31/09]) prior to completing the application process.
█	<p>Application obtained during Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (4/8/09) could be accurately determined prior to them applying (4/9/09) for services; it was determined the client was eligible for services (assessments [3/31/09]) prior to completing the application process.
█	<p>Application obtained during Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/7/09) for services; income eligibility was reached as the income proof was insufficient, it was an improperly completed Employer Verification form from 2008; the Agency met all recordkeeping requirements delineated in their contracts, since there is no consumption report in this file; it was determined the client was eligible for services (assessments, audit, work start, materials purchased [all done on 3/31/09]) prior to completing the application process.
█	<p>Application date blank, unable determine which Program Year this application belongs to. (The release form was signed on 4/8/09, and the application process is not considered complete until all the parts within it are filled out, signed, and dated.) Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (no date) for services; the Agency met all recordkeeping requirements delineated in their contracts, since there is no consumption

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	<p>report in this file;</p> <ul style="list-style-type: none"> the audit (3/31/09) could be accurately processed prior to the obtaining the consumption report (none provided); it was determined the client was eligible for services (assessments, audit, work start(3/30/09), materials purchased [all not noted done on 3/31/09]) prior to completing the application process; it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09).
	<p>Application date blank, unable determine which Program Year this application belongs to. (The application process is not considered complete until all the parts within it are filled out, signed, and dated.) Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (no date) for services; the audit (3/31/09) could be accurately processed prior to the obtaining the consumption report (5/4/09); it was determined the client was eligible for services (assessments (3/31/09), audit (3/31/09), work start(3/30/09), materials purchased(3/30/09) prior to completing the application process; it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09); it was determined which materials and how much to purchase (3/30/09) prior to performing the assessments (3/31/09) and processing the audit (3/31/09).
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/13/09) for services; it was determined the client was eligible for services (assessments (3/31/09), work start(3/30/09), materials purchased(3/30/09) prior to completing the application process; it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (4/24/09); it was determined which materials and how much to purchase (3/30/09) prior to performing the assessments (3/31/09) and processing the audit (4/24/09).
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/31/09) could be accurately determined prior to them applying (4/7/09) for services; the audit (3/31/09) could be accurately processed prior to obtaining the consumption report (4/16/09); it was determined the client was eligible for services (assessments (3/31/09), work start(3/31/09), materials purchased(3/31/09) prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/7/09) for services; the audit (3/21/09) could be accurately processed prior to obtaining the consumption report (5/13/09) and performing the assessments (3/31/09); it was determined the client was eligible for services (assessment [3/31/09], audit [3/21/09], purchase of materials [3/31/09], and start of work [3/31/09]) prior to completing the application process.
	<p>Application date blank, unable determine which Program Year this application belongs to. (The application process is not considered complete until all the parts within it are filled out, signed, and dated.) Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (no date) for services; the Agency met all recordkeeping requirements delineated in their contracts, since there is no consumption report in this file; the audit (3/31/09) could be accurately processed without the consumption report; it was determined the client was eligible for services (assessments (3/31/09), audit (3/31/09), and work start(3/31/09) prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/8/09) for services; the audit (3/31/09) could be accurately processed prior to obtaining the consumption report (4/22/09); it was determined the client was eligible for services (assessments (3/31/09), work start(3/31/09), materials purchased(3/31/09) prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/1/09)

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	<p>for services;</p> <ul style="list-style-type: none"> • income eligibility was reached as the income proof was insufficient, it was an Employer Verification form from 2008; • the audit (3/31/09) could be accurately processed prior to obtaining the consumption report (4/16/09); • it was determined the client was eligible for services (assessments [3/31/09], work start [3/30/09]) prior to completing the application process; • it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> • the client's income verification (3/30/09) could be accurately determined prior to them applying (4/7/09) for services; • the audit (3/31/09) could be accurately processed without obtaining the consumption report; • it was determined the client was eligible for services (assessments [3/31/09], work start [3/30/09]) prior to completing the application process; • it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> • the client's income verification (3/30/09) could be accurately determined prior to them applying (4/8/09) for services; • income eligibility was reached as the income proof was insufficient; • the Agency met all recordkeeping requirements delineated in their contracts, since there is no consumption report in this file; • the audit (3/31/09) could be accurately processed without obtaining the consumption report; • it was determined the client was eligible for services (assessments [3/31/09], work start [3/30/09]) prior to completing the application process; • it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> • the client's income verification (3/31/09) could be accurately determined prior to them applying (4/7/09) for services; • the audit (3/31/09) could be accurately processed prior to obtaining the consumption report (5/1/09); • It was determined the client was eligible for services (assessments [3/31/09], work start [3/31/09]) prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> • the client's income verification (3/30/09) could be accurately determined prior to them applying (4/7/09) for services; • income eligibility was reached as the income proof was insufficient, only one pay stub in the file and client gets paid weekly, Agency must secure proof of income for the 30 days prior to application; • the consumption report (4/22/09) could be obtain without the consumption release form signed by the client; • the audit (3/31/09) could be accurately processed prior to obtaining the consumption report(4/22/09); • it was determined the client was eligible for services (assessments [3/31/09], work start [3/30/09]) prior to completing the application process; • it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.
	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> • the client's income verification (3/31/09) could be accurately determined prior to them applying (4/7/09) for services; • income eligibility was reached as the income proof was insufficient; • the audit (3/31/09) could be accurately processed without prior to obtaining the consumption report (4/22/09); • it was determined the client was eligible for services (assessments [3/31/09], work start [3/31/09]) prior to completing the application process.
	<p>Application date blank, unable determine which Program Year this application belongs to. (The application process is not considered complete until all the parts within it are filled out, signed, and dated.) Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> • the client's income verification (3/30/09) could be accurately determined prior to them applying (no date) for services; • the audit (3/31/09) could be accurately processed prior to obtaining the consumption report (4/22/09);

**2009 WEATHERIZATION AND COMPREHENSIVE ENERGY ASSISTANCE PROGRAM
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	<ul style="list-style-type: none"> it was determined the client was eligible for services (assessments [3/31/09], audit [3/31/09], purchasing materials [3/31/09] and work start [3/31/09]) prior to completing the application process.
█	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/31/09) could be accurately determined prior to them applying (4/8/09) for services; income eligibility was reached as the income proof was insufficient, the pay stub was from 2008; the audit (3/31/09) could be accurately processed without prior to obtaining the consumption report (4/20/09); it was determined the client was eligible for services (assessments [3/31/09], audit [3/31/09], work start [3/30/09], and purchase of materials [3/30/09]) prior to completing the application process; it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.
█	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/9/09) for services; the audit (3/31/09) could be accurately processed without prior to obtaining the consumption report (4/20/09); it was determined the client was eligible for services (assessments [3/31/09], audit [3/31/09], work start [3/30/09], and purchase of materials [3/30/09]) prior to completing the application process; it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.
█	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/31/09) could be accurately determined prior to them applying (4/8/09) for services; income eligibility was reached as the income proof was insufficient, the pay stub was from 2008; the audit (3/31/09) could be accurately processed without prior to obtaining the consumption report (4/20/09); it was determined the client was eligible for services (assessments [3/31/09], audit [3/31/09], work start [3/30/09], and purchase of materials [3/30/09]) prior to completing the application process; it was determined weatherization work may begin (BWR begin date 3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.
█	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/7/09) for services; income eligibility was reached as the income proof was insufficient, the pay stubs were from 2008; the audit (3/31/09) could be accurately processed without prior to obtaining the consumption report (4/16/09); it was determined the client was eligible for services (assessments [3/31/09], audit [3/31/09], work start [3/31/09], and purchase of materials [3/31/09]) prior to completing the application process.
█	<p>Application was obtained in Program Year 2009. Please provide the following documentation clearly detailing how:</p> <ul style="list-style-type: none"> the client's income verification (3/30/09) could be accurately determined prior to them applying (4/8/09) for services; the audit (3/31/09) could be accurately processed without prior to obtaining the consumption report (4/22/09); it was determined the client was eligible for services (assessments [3/31/09], audit [3/31/09], work start [3/30/09], and purchase of materials [3/30/09]) prior to completing the application process; it was determined weatherization work may begin (BWR begin date 3/30/09) and the purchase of materials made (3/30/09) prior to conducting the assessments (3/31/09) and processing the audit (3/31/09) and prior to completing the application process.

**2009 WEATHERIZATION AND COMPREHENSIVE ENERGY ASSISTANCE PROGRAM
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**OF
COMMUNITY SERVICES AGENCY OF SOUTH TEXAS**

**Community Services Agency of South Texas Monitoring Report
Attachment C**

Employee #	Total Payment	Questioned	Disallowed	Comments:
11020	\$ 1909.16	-	\$ 381.83	Average of the two most recent pay allocations denote that employee # 11020 only worked 80% of his time under the CEAP program.
10029	\$ 500.00	\$ 500.00	-	Unable to determine what program paid this one time merit payment. Provide support documentation to document what program paid for the one time merit payment. In addition, provide the last change of status form (prior to the one time merit payment) that documents what program the employee is being paid from.
10890	\$ 702.48	\$ 702.48	-	Unable to determine what program paid this one time merit payment. Provide support documentation to document what program paid for the one time merit payment. In addition, provide the last change of status form (prior to the one time merit payment) that documents what program the employee is being paid from.
11055	\$ 976.32	\$ 976.32	-	Unable to determine what program paid this one time merit payment. Provide support documentation to document what program paid for the one time merit payment. In addition, provide the last change of status form (prior to the one time merit payment) that documents what program the employee is being paid from.
11061	\$ 935.53	-	243.24	Average of the two most recent pay allocations denote that employee # 11061 only worked 74% of his time under the CEAP program.
	Total	\$ 2,178.80	\$ 625.07	

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**Community Services Agency of South Texas Monitoring Report
ATTACHMENT D**

Case #	Issue	Questioned	Disallowed	Comments
R3561	Replaced "new" Central HVAC System	-	\$ 3,600.00	Assessment was not filled out completely but did state that the unit was "new"
R3561	Lack of complete assessments	\$ 50.00	-	Justify assessment charge if the assessments are not complete.
S4990	None	-	-	N/A
V1478	Replaced a water heater that did not rank	-	\$ 348.15	Water heater replacement assessment stated "poor" but the item did not rank (.1) in the replacement tool.
R1728	Replaced a Central HVAC system without capturing existing data/efficiency	-	\$ 4,080.00	Assessment for Central HVAC did not contain data to justify replacement
G2858	Lack of complete assessment	-	\$ 2,950.00	Assessment for Central HVAC did not contain data to justify replacement
S0530	Lack of complete assessment	-	\$ 4,485.00	Assessment for Central HVAC did not contain data to justify replacement.
V0120	Lack of assessment	-	\$ 4,345.00	No assessments in file provided.
D5587	Lack of complete assessment	-	\$ 4,000.00	Assessment for Central HVAC did not contain data to justify replacement
D5587	Lack of Assessment	-	-	Did not assess refrigerator
R7817	Replaced a Central HVAC system that was documented as "not working"	-	\$ 4,000.00	Replaced a system that was not consuming any energy
R7817	Lack of Assessment	-	-	Did not assess refrigerator
C2802	Lack of complete assessment	-	\$ 4,377.00	Replaced a Central HVAX system that was documented as "making a rattling sound"
C2802	Lack of Assessment	-	-	Did not assess Water heater
A4469	Replaced a Central HVAC system that was documented in "good" condition	-	\$ 4,255.00	Replaced a system that was assessed as energy efficient.
G7688	Replaced three (3) window units that did not rank	-	\$ 1,359.96	Unit ranked 11%, 15% and 3%. Minimum replacement percentage is 25%
G7688	Replaced Water Heater that did not rank	-	\$ 329.98	Water heater replaced when unit ranked a (.1). Documentation noted of rust on unit.
G4692	Replaced Water Heater that did not rank	-	\$ 329.98	Water heater replaced when unit ranked a (.3). Documentation noted appearance of heater in picture.
O5768	Replaced a Central HVAC system	\$ 5,000.00	-	Did not provide justification on how the new system would be more efficient.
H6829	Replaced a Central HVAC system	-	\$ 4,290.00	Assessment for Central HVAC did not contain data to justify replacement
L8825	Replaced a Central HVAC system	-	\$ 4,345.00	Assessment for Central HVAC did not contain data to justify replacement

2009 WEATHERIZATION AND COMPREHENSIVE ENERGY ASSISTANCE PROGRAM
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Texas Department of Housing and Community Affairs representatives, Rosy L. Falcon, and Giovanni Giunca participated in an exit conference with David Ojeda, Executive Director (via telephone), Isabel Benavidez, Chief Financial Officer, Johnny Rosas, Weatherization Coordinator, and Manuel Garcia, Director of Community Services.

Signature: 

Rosy L. Falcon, TDHCA Program Officer

5/12/2010
Date

Signature: 

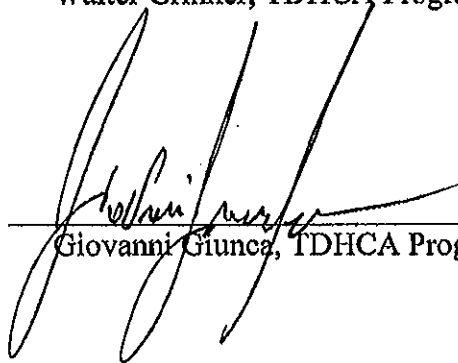
JR Mendoza, TDHCA Program Officer

5/14/2010
Date

Signature: 

Walter Grinner, TDHCA Program Officer

5/14/2010
Date

Signature: 

Giovanni Giunca, TDHCA Program Officer

6/21/2010
Date



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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July 30, 2010

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Mr. William Lilly
Director
Community and Human Development
City of El Paso
2 Civic Center, 8th Floor
El Paso Texas 79901-1196

Re: Monitoring Report for Weatherization Contract
DOE ARRA WAP Contract #16090000704

Dear Mr. Lilly:

Enclosed is a report that details the monitoring review of the City of El Paso's Weatherization Assistance Program contract with the Texas Department of Housing and Community Affairs (The Department). This information is provided to ensure that compliance with the contracts is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The monitoring report includes six (7) findings, seven (7) recommended improvements and one (1) note. Please submit a response to this report to this office within thirty (30) days of the date of this letter.

If we can be of any assistance, please feel free to contact Enrique H. Trejo, Program Officer, at (512) 475-2299. The assistance provided to the Program Officer by the agency is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be "SD Gamble", with a horizontal line extending to the right.

Sharon D. Gamble
Manager
Energy Assistance Section

cc: Joyce Wilson, City Manager

Directory of Monitoring Sections

Section I.	Financial Review
Section II.	Travel and Timesheets
Section III.	General Liability and Pollution Occurrence Insurance
Section IV.	Property Management
Section V.	Procurement
Section VI.	Audit
Section VII.	Personnel Policies and Practices
Section VIII.	Performance Review
Section IX.	Administrative
Section X.	Client File Review Worksheet
Section XI.	Multi-Family Review
Section XII.	Denied Files
Section XIII.	Summary

**2009 WEATHERIZATION MONITORING REPORT
OF
CITY OF EL PASO**

Dates of Review: May 17 -- 21, 2010

Focus of Review

CONTRACT NAME	CONTRACT NUMBER	CONTRACT AMOUNT	CONTRACT DATES
DOE ARRA WAP	16090000704	**\$4,007,592.00	9/1/09 to 8/31/11

* 50% of proposed total allocation

TDHCA staff conducted an on-site review of the City of El Paso's implementation of the Department of Energy (DOE) Weatherization Assistance Program (WAP). Specific areas of review included Financial Reporting, Contract Agreements, Procurement, Personnel, and the Management of the Department of Energy Weatherization Assistance Program contract.

Program Evaluation

The evaluation of the program consisted of: interviews with City of El Paso personnel; analysis of the fiscal system; review of programmatic records; on-site inspections; client interviews; and inventory review.

The following was noted during the review:

- Late Submittal of Expenditure and Performance Reports
- Low DOE ARRA WAP Contract Expenditures
- High Administrative Expenditures
- Not Submitting 1512 Quarterly Reports to TDHCA
- Lack of Materials Standards Documentation
- On-Site Inspections Requiring Returns
- Inconsistent Use of Attic Tags and Attic Rulers
- Inadequate Record Keeping in Client Files
- Development of a Quality Assurance Plan

**2009 WEATHERIZATION MONITORING REPORT
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SECTION I. FINANCIAL REVIEW

EXPENDITURES AS OF THE TIME OF MONITORING

CONTRACT NAME	YEAR-TO-DATE EXPENDITURES	% OF AMENDED CONTRACT AMOUNT	# UNITS COMPLETED	# UNITS IN PROGRESS
*DOE ARRA WAP	\$26,354.10	.66%	0	0

*Expenditures as of March 2010

Finding #1: Late Submittal of Expenditure and Performance Reports

At the time of monitoring, the City of El Paso had not submitted the April Expenditure and Performance Reports. Failure to submit reports when due gives an inadequate picture of the Subrecipients expenditure and performance to TDHCA. The City of El Paso is reminded that on or before the fifth (5th) of the month, the Subrecipient shall electronically submit an Expenditure Report and a Performance Report of the previous month's activities to the Department.

Action Required: The City of El Paso must correct any deficiencies in policy or procedure that prevents the timely submittal of the Expenditure and Performance Reports to TDHCA. Specifically, the City of El Paso must provide written assurance that Expenditure and Performance Reports will be sent to TDHCA on or before the fifth (5th) of the month. Please provide the written assurance as part of the response to the Monitoring Report.

Reference: DOE ARRA Contract Section 14 Reporting Requirements

Finding #2: Low DOE ARRA WAP Contract Expenditures

At the time of monitoring, the City of El Paso had expended \$26,354.10 or 0.76% of the DOE ARRA contract #1609000064 according to submitted Expenditure Reports to TDHCA. The City of El Paso was asked to produce a Plan of Action to Implement DOE ARRA WAP as a result of the Preliminary Monitoring held January 11, 2010. The City of El Paso received a Notice of Possible Deobligation letter in May with the requirement to submit a Mitigation Action Plan. The Mitigation Action Plan submitted to TDHCA includes hiring additional inspectors, procuring additional contractors and targeting multi-family units for weatherization.

Action Required: City of El Paso must provide assurance that that they will adhere to the Mitigation Action Plan and revise as needed. TDHCA will provide continual monitoring of the DOE ARRA WAP contract.

Reference: DOE ARRA WAP Contract Section 4: Subrecipient Performance

2009 WEATHERIZATION MONITORING REPORT
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Recommended Improvement #1: At the time of monitoring, City of El Paso's Administrative expenditure ratio was above the maximum allowable of 5.0% for DOE ARRA WAP Contract #16090000704. The Administrative expenditure ratio was 57.6%. The City of El Paso provided the most current financial documentation that included the month of April. The Department reminds the City of El Paso that the Administrative expenditure ratio must be at or below the maximum allowed percentage by the end of the contract period. Expenditures above the allowable percentage will be disallowed. See DOE ARRA WAP Contract Attachment A.

Recommended Improvement #2: A review of financial expenditures indicates that the City of El Paso is including Health and Safety expenditures in the Material/Labor/Program Support category. The Department reminds the City of El Paso that there is line item in the budget for Health and Safety expenditures. The Department recommends that the City of El Paso charge health and safety expenditures to the Health and Safety budget category. See DOE ARRA WAP Contract Attachment A.

Recommended Improvement #3: The Program Officer appreciates the development of internal accounting policies and procedures for the Weatherization Assistance Program. The draft manual titled *Accounting for the Weatherization Assistance Program* states that Activities will be reconciled to the Fund – General Activity and Trial Balance reports as generated by Peoplesoft. The Program Officer recommends including a monthly target date to complete reconciliations.

SECTION III. GENERAL LIABILITY & POLLUTION OCCURRENCE INSURANCE

Recommended Improvement #4: At the time of monitoring, the City of El Paso had not purchased Pollution Occurrence Insurance. Although Pollution Occurrence Insurance is not required, DOE strongly recommends obtaining Pollution Occurrence Insurance. See Weatherization Program Notice 09-1

SECTION IV. PROPERTY MANAGEMENT

Recommended Improvement #5: City of El Paso staff use vehicles from the motor pool as well as their personal vehicles to assess and inspect units. The City of El Paso is prohibited from purchasing or leasing vehicles with Weatherization program funds. The City of El Paso has proposed to rent vehicles from the City Motor Pool. The Program Officer has reviewed the documentation provided during the monitoring and via email and recommends that City of El Paso Weatherization staff enter into a rental agreement with the City Motor Pool to ensure that vehicles suitable for weatherization are made available for Weatherization Inspectors.

**2009 WEATHERIZATION MONITORING REPORT
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Recommended Improvement #6: The Program Officer recommends purchasing additional equipment for weatherization inspectors. Specific recommended equipment includes cordless electric screwdrivers, flashlights and digital cameras. Upon request, the Department can provide a general list of recommended tools for weatherization assessors. The Department reminds that all equipment purchased with DOE funds must be listed on the WAP Inventory List found on the Department website.

SECTION VIII. PERFORMANCE REVIEW

Finding #3:

Not Submitting 1512 Quarterly Reports to TDHCA

At the time of monitoring, the City of El Paso had not submitted 1512 Reports to TDHCA. City of El Paso staff had submitted 1512 Reports to the federal agencies not realizing the requirement to submit reports to TDHCA. According to the DOE ARRA contract, Subrecipients shall track all funds and their projected statuses separately from all other funds and shall assist the Department of Housing and Community Affairs in preparing and filing the Department's recipient reports required by Section 1512 of the American Recovery and Reinvestment Act of 2009. Subrecipients shall provide to the Department, not later than five (5) calendar days after the end of each calendar quarter (1) an estimate of the number of jobs created and retained by the project; and (2) vendor information including description of service, name, zip code, DUNS number and payment amount.

Action Required: The City of El Paso must provide written assurance that 1512 reports will be submitted to TDHCA on or before the due date for each upcoming quarter until the end of the contract period. City of El Paso is current with the 1512 Reports to TDHCA. Please provide the written assurance as part of the response to the Monitoring Report.

Reference: DOE ARRA WAP Contract Section 15 Assistance in Preparing Reports on Use of Funds

Finding #4:

Lack of Materials Standards Documentation

At the time of monitoring, the City of El Paso did not have materials standards documentation for material used in weatherization. Any materials not meeting DOE specifications will be disallowed. Material standards documentation for weatherization materials purchased with DOE WAP program funds must be maintained by the Subrecipient and comply with Attachment A of 10 CFR 440 Final Rule.

Action Required: The City of El Paso must provide material standards documentation for all weatherization materials supplied from each subcontractor. Please provide material standards documentation as part of the response to the Monitoring Report.

Reference: DOE ARRA WAP Contract Section 13 Record Keeping

**2009 WEATHERIZATION MONITORING REPORT
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Finding #5: On-Site Inspections Requiring Returns

The Program Officer inspected five (5) DOE ARRA units on May 19, 2010. Department on-site inspections of weatherized units require three (3) returns out of five (5) units inspected. Returns are necessary to address the insufficient installation of weatherization measures and/or the lack of weatherization measures. All units were weatherized using the Priority List.

Action Required: The City of El Paso must establish a Quality Assurance Plan that includes assurance that subcontractors will install weatherization measures to Department of Energy, International Residential Code and Texas Department of Housing and Community Affairs standards. Please provide the Quality Assurance Plan as part of the response to the monitoring report. Specifically, the City of El Paso must address and/correct the following issues and provide documentation that the issues were resolved:

- a. 09Mart9871: 1) Reset and glaze the window in the back bedroom. 2) Replace pane in the living room window. 3) Replace window in front bedroom as an air infiltration measure. 4) Seal around vent pipe in the water heater closet.
- b. 09Orti1155: 1) Install smoke detector between kitchen and back bedrooms. 2) Add solar screen to east window. 3) Replace threshold by front door.
- c. 09Anay2704: 1) Add solar screen to back bedroom. 2) Found fiber glass batt insulation (R-19). Add additional insulation to ensure R-30. 3) Replace stove as a Health and Safety measure. Include a CO reading of the installed stove as part of the response to the Monitoring Report. 4) Optional to install reflective film to window panes where a solar screen would not be appropriate.

Reference: DOE ARRA WAP Contract and 10 CFR 440 Final Rule

2009 WEATHERIZATION MONITORING REPORT
OF
CITY OF EL PASO

Finding #6:

Inconsistent Use of Attic Tags and Attic Rulers

Department on-site inspections of weatherized units indicated that multiple units did not have attic tags and/or attic rulers. Weatherized units receiving attic insulation are not in compliance with International Residential Code standards. According to **Section 102.1.1 Building thermal envelope insulation**, the insulation installer shall provide a certification listing the type, manufacturer and R-value of insulation installed in each element of the building thermal envelope. For blow-in or sprayed insulation (fiberglass and cellulose), the initial installed thickness, settled thickness, settled R-value, installed density, coverage area and the number of bags installed shall be listed on the certification. The insulation installer shall sign, date and post the certification in a conspicuous location on the job site. In addition, insulation markers (attic rulers) shall be provided for every 300 square feet of attic area, attached to the trusses, rafters or joists, and indicate in 1 inch high numbers the installed thickness of the insulation.

Action Required: The City of El Paso must provide written assurance that units receiving attic insulation will have attic tags and attic rulers. In addition, submit a sample certification with the required information from each subcontractor that installs attic insulation as part of the response to this monitoring report.

Reference: International Residential Code (2006) Section 11: Energy Efficiency & DOE ARRA Contract Section 4 Subrecipient Performance

Recommended Improvement #7: The Program Officer recommends that the City of El Paso develop a policy/procedure to verify compliance with the EPA Lead Renovator Rule. The policy should include how, when and how often subcontractors will be inspected by City of El Paso Weatherization staff. The City of El Paso has two staff members who have successfully completed the Lead Renovator training. One subcontractor has completed the training and applied to be Lead Renovator Firm. The City of El Paso is reminded that contractors performing weatherization work must be certified and follow specific work practices to prevent lead contamination. Failure to follow EPA Lead Renovator Rule guidelines may result in fines up to \$37,500.00 for each violation. The EPA Lead Renovator Rule went into effect on April 22, 2010.

2009 WEATHERIZATION MONITORING REPORT
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SECTION X. CLIENT FILE REVIEW

Finding #7:

Inadequate Record Keeping in Client Files

Department review of client files indicates inadequate record keeping. Examples of inadequate record keeping include incomplete and missing Blower Door Forms; missing Refrigerator Forms; and incomplete Building Weatherization Reports (BWRs). Inadequate record keeping may lead to questioned costs and poor program performance. Subrecipients are required to have all necessary assessment forms indicated in the DOE ARRA WAP contract. In addition, subrecipients are expected to completely fill out all assessment forms.

Action Required: The City of El Paso must provide written assurance that client files will have the required assessments forms that are completely fill out. In addition, the City of El Paso must provide a Quality Assurance Plan that includes a policy or a protocol for client file review.

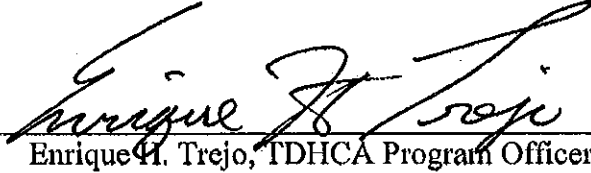
Reference: DOE ARRA Contract Section 13: Record Keeping Requirements

Note #1: The Program Officer appreciates the development of the *Accounting for Weatherization Assistance Program* manual and the *Home Inspector Initial Assessment Procedural Checklist*. These documents become part of an overall Quality Assurance Plan for the City of El Paso Weatherization Assistance Program. The Quality Assurance Plan is a set of internal policies and procedures to assure compliance with Weatherization Assistance Program Contract, the Texas Administrative Code and the International Residential Code. Specifically, the Quality Assurance Plan includes a written policy or standard operating protocol for 1) Unit Assessments; 2) Energy Audits; 3) Final Inspections; 4) Client File review; 4) compliance with Interagency Agreement regarding historic properties; and 5) compliance with EPA Lead Renovator Rule.

2009 WEATHERIZATION MONITORING REPORT
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CITY OF EL PASO

Texas Department of Housing and Community Affairs representative, Enrique H. Trejo, Program Officer participated in an Exit Conference with William Lilly, Director of Human and Community Development; Raul Gonzalez, Weatherization Coordinator; Frank Keaton, Financial Reporting Coordinator; and Robert Veliz, Weatherization Inspector.

Signature:


Enrique H. Trejo, TDHCA Program Officer

7/30/2010
Date

**2009 WEATHERIZATION MONITORING REPORT
OF
CITY OF EL PASO**

ATTACHMENT A

Units Inspected	Fund Source	Return	Comments
09Mart9871	ARRA	Yes	Installed CO and smoke detector; 3 wall patches; 8 tubes of caulk, R-38 insulation (R-30 required); R-13 wall insulation (80sf); 2 door jambs; 2 thresholds; 2 door bottoms; 1 thermostat; and 10 CFLs. No attic tags and no attic rulers. Recommend attic dams - discussed at Exit Conference. BWR not complete.
09Orti1155	ARRA	Yes	Installed CO and smoke detector; 8 tubes of caulk, R-19 insulation; 4 solar screens; 1 thermostat; and 20 CFLs. No attic tags but found one attic ruler. Install a smoke detector by kitchen near laundry room. Add solar screen on east window. BWR not complete and no refrigerator form.
09Ortc916	ARRA	No	Installed CO and smoke detector; 9 tubes of caulk, 6 inches of insulation; R-13 wall insulation; 10 solar screens; 1 thermostat; 3 jamb ups; 3 thresholds; 3 door bottoms and 19 CFLs. No attic tags but found one attic ruler. BWR not complete and no refrigerator form.
09Anay2704	ARRA	Yes	Installed CO and 2 smoke detector; 7 solar screens; 1 thermostat; 2 thresholds; and 18 CFLs. No CO measurements. Conducted CO test and oven was 156 ppm. Attic had 5 inches of fiberglass batt insulation. Add insulation to reach R-30. Install 2 thresholds. Weatherstrip two doors. Replace oven. Add reflective film as an option to solar screens. BWR not complete and no refrigerator form.
09Seel8804	ARRA	No	Installed CO and smoke detector; 2 solar screens; 3 jamb ups; 3 door bottoms; 3 thresholds; and one thermostat. BWR not complete and refrigerator form.

Units Inspected: ARRA 5

Unit Returns: ARRA 3



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June 28, 2010

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Leslie Bingham Escarefio
Tom H. Gann
Lowell A. Keig
Juan S. Muñoz, Ph.D.

Ms. Johnette Hicks
Executive Director
Economic Advancement Opportunities Advancement Corporation of Planning Region XI
500 Franklin
Waco, TX 76701

Re: DOE Weatherization Assistance Program Contract # 56090000461
LIHEAP Weatherization Assistance Program Contract #81090000494
DOE/ARRA Weatherization Assistance Program Contract #16090000662
DOE/ARRA Weatherization Assistance Program Contract #16090000752

Dear Ms. Hicks:

Enclosed is a report that details the monitoring and desk review of Economic Advancement Opportunities Advancement Corporation of Planning Region XI's Weatherization Assistance Program contracts with the Texas Department of Housing and Community Affairs (The Department). This information is provided to ensure that compliance with the contracts is maintained and that services to the poor, elderly, and disabled are offered in the most expeditious and economical manner.

The monitoring report includes one (1) finding and two (2) recommended improvements. Please submit a response to this report to this office within thirty (30) days of the date of this letter.

If we can be of any assistance, please feel free to contact Kevin Glienke, Program Officer, at (512) 475-3852. The assistance provided to the Program Officers by the agency is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to be "Sharon Gamble", followed by a horizontal line.

Sharon Gamble
Energy Assistance Manager
Community Affairs Division

Cc: Bobby Deike, Weatherization Coordinator

**2009 WEATHERIZATION MONITORING REPORT
EOAC of Planning Region XI**

Directory of Monitoring Sections

Section I. Financial Reporting

Section II. Travel and Timesheets

Section III. General Liability and Pollution Occurrence Insurance

Section IV. Property Management

Section V. Procurement

Section VI. Audit

Section VII. Personnel Policies and Practices

Section VIII. Performance Review

Section IX. Administration

Section X. Multifamily

Section XI. Denied Files

**2009 WEATHERIZATION MONITORING REPORT
EOAC of Planning Region XI**

Dates of Review: June 9 – 11, 2010

FOCUS OF REVIEW

CONTRACT NAME	CONTRACT NUMBER	CONTRACT AMOUNT	CONTRACT DATES
DOE	56090000461	\$464,162.00	4/1/2009 to 3/31/2010
LIHEAP	81090000494	\$573,146.00	4/1/2009 to 3/31/2010
DOE/ARRA	16090000662	\$2,216,779.00	9/1/2009 to 8/31/2011
DOE/ARRA	16090000752	\$353,861.00	9/1/2009 to 8/31/2011

On-site review of Economic Advancement Opportunities Advancement Corporation of Planning Region XI's (EOAC) implementation of the Department of Energy's and Low Income Home Energy Assistance Program's Weatherization Assistance Program (WAP). Specific areas of review included Financial Reporting, Contract Agreements, Procurement, Personnel, and the Management of the Department of Energy and Low Income Home Energy Assistance Program contracts.

PROGRAM EVALUATION

The evaluation of the program consisted of: interviews with the EOAC personnel, analysis of the fiscal system, review of programmatic records, and inventory review.

The following was noted during the review:

- Low expenditures for ARRA contract #16090000662.
- Personnel Policies lacking "political affiliation or belief" clause in Equal Employment Opportunity statement.

**2009 WEATHERIZATION MONITORING REPORT
EOAC of Planning Region XI**

Section I. Financial Reporting

EXPENDITURES AS OF MAY 2010

CONTRACT NAME	YEAR-TO-DATE-EXPENDITURES	% OF ORIGINAL CONTRACT AMOUNT	# UNITS COMPLETED	# UNITS IN PROGRESS
DOE #56090000461	\$382,417.52	95.54%	63	0
LIHEAP #81090000494	\$404,922.19	82.81%	87	12
DOE/ARRA #16090000662	\$936,742.65	33.41%	91	50
DOE/ARRA #16090000752	\$573,210.39	46.14%	72	38

Recommended Improvement #1: Through May 2010, EOAC had expended just 33.41% of the funds in the DOE/ARRA contract #16090000662 while 37.5% of the contract period had expired. The Department recognizes that EOAC is ahead of the overall production schedule for EOAC's two combined DOE/ARRA contracts. The Department expects that EOAC will be able to meet all the benchmarks required for both DOE/ARRA contracts individually in order to expend the entire contract amount in the appropriate time period. **Reference: Texas Administrative Code, Title 10, Part 1, Chapter A, Subchapter A, Rule § 1.19; OMB Circular A-110, Subpart C .21 (b) (2) (3) (4)**

Section VII. Personnel Policies and Practices

Finding #1: A review of EOAC's personnel policies revealed the lack of the "political affiliation or belief" provision in the equal opportunity clause.

Action Required: EOAC must amend their personnel policies for the inclusion of the above mentioned clause. **Reference: ARRA Contract Section 27; DOE and LIHEAP Contracts Section 27**

Section VIII. Performance Review

Recommended Improvement #2: The Department recognizes that EOAC currently has a process to provide education to the client's served to promote energy savings. The Department recommends that EOAC develop a written procedure for client education to ensure consistent client educational procedures are followed. **Reference: Texas Administrative Code, Title 10, Part 1, Chapter 5, Subchapter E, Rule §5.521**

**2009 WEATHERIZATION MONITORING REPORT
EOAC of Planning Region XI**

Texas Department of Housing and Community Affairs representative Kevin Glienke participated in an exit conference with EOAC representatives Ms. Johnette Hicks, Mr. Bobby Deike, Mr. Michael Thompson, and Ms. Stacy White.

Signature:		6/29/10
	Kevin Glienke, TDHCA Program Officer	Date: