STATE OF NORTH DAKOTA
WEATHERIZATION ASSISTANCE PROGRAM

Policy and Procedures Manual
LIHEAP 2020

North Dakota Department of Commerce
Division of Community Services

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STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)
WEATHERIZATION ASSISTANCE PROGRAM

POLICY AND PROCEDURES MANUAL

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INTRODUCTION

The LIHEAP Weatherization, Emergency Furnace Repair and Replacement, and Cooling Policy and Procedures Manual has been compiled as a primary reference for Community Action Agencies.

It contains program-related information from a wide array of sources including OMB circulars, DOE rules, special topic manuals and guidance and opinions issued over the years in letters and memoranda. The need for a reference to state and federal rules has become increasingly apparent.

The LIHEAP Weatherization, Emergency Furnace Repair and Replacement, and Cooling Program has changed substantially, both technically and administratively, since its inception over two decades ago. Weatherization will continue to evolve in response to changes in funding, weatherization technology, program rules and administrative personnel. The Policy and Procedures Manual will be used to implement and document these changes as they occur. The Policy and Procedures Manual is organized to easily accommodate changes. Existing policy statements may be revised or deleted and new statements added by simply removing old pages and inserting new ones. The heading of each policy statement clearly identifies its subject, effective date, and place in the sequential order of policy statements and, where applicable, indicates if a pre-existing policy has been superseded. In this sense, the LIHEAP Weatherization, Emergency Furnace Repair and Replacement, and Cooling Policy and Procedures Manual will never be complete. In preparing this addition, some topics were almost certainly overlooked. The manual will become more complete and comprehensive with use, as omissions are identified, and new issues are addressed with new policy or guidance.

WEATHERIZATION PROCEDURES MANUAL

DIRECTIONS FOR USE

The objective of the LIHEAP Weatherization, Emergency Furnace Repair and Replacement, and Cooling Procedures Manual is to provide a centralized resource of information regarding operating policies, procedures and regulations. This manual is primarily focused upon the needs of the Community Action Agency (CAA) Weatherization Coordinator, but should be made available to all CAA staff.

The information provided in this manual serves to delineate state policies and procedures, as well as provide an easy reference to federal regulations. The format of the manual is specifically designed to allow for revision, deletion and addition of sections when necessary. These actions will be addressed under written guidance from the DCS office, with replacement sections provided when necessary.

The sections of the manual are compiled into eight parts (100-800). When information or guidance is desired on a particular topic, first review the titles of the eight parts to determine which part would include the desired topic. Then review the Table of Contents to locate the section title that most closely relates to the desired topic.

If during your use of this manual, a topic appears to have been omitted, please contact the DCS office. If an omission has actually occurred, or if a topic is not adequately clarified, the DCS staff will take the necessary steps to revise the manual.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Allocation Formula **DATE:** March 2018

POLICY/GUIDANCE NUMBER: 100.10 **PROGRAM:** DOE

DISCUSSION: Weatherization funds will be allocated among Community Action Agencies (CAAs) on the basis of a formula which considers 1) the distribution of the low-income population; 2) the relative size of areas served and; 3) the minimum funding required for efficient program operations.

The distribution formula provides a base funding level to each CAA of $100,000 minimum plus an additional base amount should the State's DOE allocation exceeds $2,272,142. This additional amount is determined by calculating the percentage the allocation is in excess of $2,272,142 and multiplying it by $100,000.

In addition to the base amount, each CAA is awarded an amount determined by multiplying $2 by the number of square miles within each CAA's service area.

In calculating the distribution percentages, the following adjustments are made in an attempt to achieve equity:

1. The low-income population percentage used in the distribution formula does not include the Native American low-income population as each of the Native American reservations receive specific allocations under each of the weatherization programs (DOE).

2. One-third of the Training and Technical Assistance funds allocated are used by the State for monitoring, training, software needs, and other allowable uses. Two-thirds of the Training and Technical Assistance funds allocated are used by the subgrantees. The amount of Training and Technical Assistance funds distributed to the subgrantees is based upon the number of full time Weatherization employees and not by the distribution formula.

3. The square mileage allocation for Region I is added to Region VIII's allocation because weatherization services in Region I are provided by Region VIII.

4. The allocation for admin funds is based on 10% of the whole allocation minus the T&TA funds. 2% is used by the State and 8% is used by the subgrantees. The subgrantees admin allocation is determined by the percent of production dollars each agency is allocated.

The following are the low-income percentages according to the ACS 16 survey which will be used by the Weatherization Program:

Region	% Allocation
II	12.8
III	9.1
IV	14.9
V	28.4
VI	7.5
VII	17.8
VIII	9.5

CAA allocations may be revised, at the discretion of the Division of Community Services (DCS).

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Tribal Allocations **DATE:** March 2018
POLICY/GUIDANCE NUMBER: 100.20 **PROGRAM:** DOE

DISCUSSION: Eight and thirty-nine hundredths percent (7.2%) of all DOE Weatherization Assistance Program funds after T& TA and Admin funds are subtracted will be allocated for the provision of Weatherization services for tribal jurisdictions within the State of North Dakota. Minimum WAP funding levels for tribal weatherization services will be based upon the percentage of the States low income population residing within the reservation boundaries. The tribal allocations will be awarded to and administered by the Subgrantee in which the greatest portion of the reservation resides. The Subgrantee will be responsible for the provision of weatherization services which at a minimum equal the tribal allocation.

Each CAA administering a Tribal Weatherization Grant will be allowed to expend unused tribal grant balance for non-tribal weatherization provided they can document a substantial effort to solicit and serve tribal applicants and can document that demand for services on the reservation has been met. Subgrantees may, at any time, expend more than the tribal allocation within the reservation boundaries without any additional approval by DCS. All unexpended funds will be returned to the State for reauthorization by the DCS as part of the overall carryover reauthorization CAA.

Distribution of Tribal Weatherization allocation (7.2%) to subgrantees will be:

Percent of Subgrantees	Tribal Jurisdiction	Tribal WAP
Community Action (Region II)	Ft. Berthold	20.63%
Dakota Prairie CAA (Region III)	Spirit Lake	21.78%
	Turtle Mountain	39.05%
Community Action (Region VII)	Standing Rock	18.54%

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Annual Work Plan and Budget **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 100.30 **PROGRAM:** LIHEAP

DISCUSSION: Weatherization Program Financial Assistance Awards will be developed based upon the Weatherization work plan submitted to the Division of Community Services (DCS) by each Community Action Agency (CAA). The work plan will consist of four parts:

1. A monthly production and expenditures schedule.

2. A training and technical assistance plan which outline the planned training for the upcoming year.

3. A budget that details costs for the administration of the program, cost of production (to include materials, labor and program support), the cost of cost of liability insurance, the cost of an annual financial audit and training and technical assistance costs.

4. A detailed narrative prepared in accordance with the Budget Narrative Guidelines continued within this section.

The work plan and budget must be submitted within 30 days of the date of the notification of grant award.

The approved work plan and budget will be attached to the DCS Financial Assistance Award, and will serve as the basis for performance evaluation under the Award.

The appropriate work plan and budget forms are attached.

SECTION 100.30

Budget Narrative Guidelines
For Use in Preparation of LIHEAP WAP Budgets

I. Contractual

A. Budget line items under this category such as audit, insurance, etc. must be pro-rated according to an acceptable accounting methodology. The methodology used to prorate the cost to weatherization, the total cost of that line item and the resulting percentage to be charged to weatherization must be provided as part of the narrative.

B. Contracted Service -- Budget narrative must describe the service for which the agency will be contracting, provide justification for the proposed contracted service, and provide the cost of the contracted service in the previous year.

II. Travel

A. In-State Travel

All in-state travel planned for the upcoming program year must be listed and justified. A detailed description must be provided as to how the amount budgeted was derived.

B. Out-of-State Travel

All planned out-of-state travel which will take place during the next program year must be listed and justified. Justification should include: who will be traveling, a copy of the current or previous year's workshop or conference agenda (if available), and the expected benefit to the weatherization program. Out-of-state travel approved as part of the budget will not require further approval by the DCS, unless noted in the financial assistance award.

III. Space

A. Warehouse Space

The square footage of each warehouse used by the weatherization program and the cost of that space must be provided in the narrative. If the warehouse is multipurpose in use, the cost of space must be prorated between users (programs) on a square footage basis. Subgrantees owning their own warehouse space may not charge the program rent which exceed the average cost that warehouse space could be obtained locally. Documentation substantiating this cost must be provided as part of the budget narrative.

B. Office Space

The cost of space (to include rent, utilities, and maintenance) utilized by the weatherization program must be prorated on a square footage basis. The total square footage available, the amount use by the weatherization program and the resulting pro-rata percentage must be provided as part of the narrative. The calculation of the cost of space must include the methodology used for determining the cost of space used by support staff.

IV. Supplies

A. Office Supplies

The cost of general office supplies used by the weatherization program must be justified. If the amount is a prorated share of the total office supplies, then the methodology used to determine the weatherization share must be provided.

B. Weatherization Supplies

Only the cost of disposable weatherization supplies, such as saw blades, drill bits, and other supplies which cannot be charged directly to a unit, should be listed under this category. The budget narrative should include a description of how the estimated cost of weatherization supplies was derived.

V. Equipment

A. Office Equipment

All office equipment to be purchased or leased with a purchase/lease price of under $5000.00 may be grouped under the line item of general office equipment and need only be identified by name in the budget narrative. All office equipment with a purchase/lease price of $5000.00 or more must be listed separately, to include an estimate of the purchase/lease cost and the justification for purchase/lease of the equipment. The cost of office equipment that is utilized for purposes other that Weatherization must be prorated using an acceptable accounting methodology.

B. Weatherization Tools/Equipment

All non-disposable tools/equipment to be purchased or leased with a purchase/lease price of under $5000.00 may be grouped under the line item of general weatherization tools/equipment and need only be identified by name in the budget narrative. The planned purchase of non-disposable tools/equipment having a purchase/lease cost of $5000.00 or more must be listed separately, to include an estimate of the purchase/lease cost and a justification for the purchase/lease of the tool/equipment. The cost of equipment/tools to be purchased and shared by programs other than Weatherization must be prorated between the user program regardless of the initial purchase/lease cost and the methodology used in prorating the cost must be listed in the budget narrative.

C. Equipment/Tool Operation, Maintenance and Repair

The cost of equipment/tool non-labor operation (i.e., gas, oil, other fluids), maintenance and repair should be listed under this line item. The operation, maintenance and repair costs for equipment/tools shared between programs must be prorated between those programs. The methodology used to calculate the prorated weatherization share of the cost must be included in the budget narrative.

VI. Other

A. All other line item costs not specifically identified above are to be listed separately under the other category. Specifically the "other costs" are to include but are not limited to:

- Telephone
- Postage
- Advertising
- Subscriptions
- Board Costs
- Memberships
- Software Training
- Insurance

Where the cost of a specific line item is not a direct cost to the weatherization program, the cost must be prorated and the methodology shown in the narrative.

All software purchases planned as part of the Weatherization Program must be identified by name and justified in the budget narrative.

All training costs must be identified individually and justified.

All membership costs must be identified individually and justified showing a benefit to the weatherization program.

Insurance costs should be broken down by type and where appropriate the methodology for prorating the cost to weatherization shown.

Under no circumstances will subgrantees be allowed to include a miscellaneous line item in their budget. This is viewed as a contingency which is an unallowable cost under federal regulations.

NOTE: The methodology for prorating costs to the weatherization program needs only to be listed one time if the methodology remains consistent between line items.

BUDGET SUMMARY

Agency Name: _____

Address: _____

Budget Prepared By: _____

Financial Award # _____

Grant Period: _____

Programs	**Weatherization**								**Furnace Program**			**Total**
Catagories	**Administration**	**Training & Technical Assistance**	**Program Support**	**Program Office Labor**	**Program Field Labor**	**Health & Safety Program Support**	**Health & Safety Office Labor**	**Health & Safety Field Labor**	**Program Support**	**Program Office Labor**	**Program Field Labor**	
A. Personnel	$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -	$ -
B. Fringe	$ -	$ -		$ -	$ -		$ -	$ -		$ -	$ -	$ -
C. Contractual	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Travel	$ -	$ -	$ -	$ -		$ -			$ -			$ -
E. Space	$ -	$ -	$ -	$ -		$ -			$ -			$ -
F. Supplies	$ -	$ -	$ -	$ -		$ -			$ -			$ -
G. Equipment	$ -	$ -	$ -	$ -		$ -			$ -			$ -
H. Liability Insurance	$ -		$ -	$ -					$ -			$ -
I. Financial Audit			$ -	$ -					$ -			$ -
J. Other	$ -	$ -	$ -	$ -		$ -			$ -			$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Notes:

Materials-Weatherization	
Materials-Health & Safety	
Materials-Client Education	
Materials-Furnace	
Tribal Wx. Prog. Materials	
Total Award	**$0.00**

NORTH DAKOTA WEATHERIZATION BUDGET SUPPORT SHEET

Agency Name:

Address:

City:

Phone #:

Financial Award#

Grant Period:

				WEATHERIZATION						**FURNACE**		***TOTAL***
CATAGORIES	ADMIN.	Training & Technical Assistance	Program Support	Program Office Labor	Program Field Labor	Health & Safety Program Support	Health & Safety OfficeLabor	Health & Safety Field Labor	Program Support	Program Office Labor	Program Field Labor	
A. Salary												
a. Admin.												$ -
b. Wx.												$ -
												$ -
Subtotal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
B. Fringe												
a. Admin.												$ -
b. Wx.												$ -
												$ -
Subtotal	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
C. Contractual												
a. Fiscal Audit												$ -
b. Cont. Labor												$ -
c. Other Contractual												$ -
Subtotal	$ -	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. Travel												
a. In-State												$ -
Admin. Staff												$ -
Production												$ -
Training												$ -
Other (Provide Details)												$ -
b. Out-of-State												
Admin. Staff												$ -
Support												$ -
Training												$ -
Subtotal	$ -	$ -	$ -	$ -		$ -			$ -	$ -		$ -
E. Space												
a. Office												$ -
b. Warehouse												$ -
C. Utilities												$ -
d. Maintenance												$ -
Subtotal	$ -	$ -	$ -	$ -		$ -			$ -	$ -		$ -

F. Supplies												
a. Wx.												$ -
												$ -
b. Office												$ -
												$ -
Subtotal	$ -	$ -	$ -	$ -		$ -			$ -	$ -		$ -
G. Equipment												
a. Vehicles												$ -
b.Wx. Equipment (<$5,000)												$ -
c. Small Tools												$ -
c. Maint./ Rep												$ -
d. General Office												$ -
												$ -
												$ -
												$ -
Subtotal	$ -	$ -	$ -	$ -		$ -			$ -	$ -		$ -
H. Other												
a. Postage												$ -
b. Telephone												$ -
c. Board												$ -
d. General Insurance												$ -
e. Crew Liability Ins.												$ -
f. Adv./ Subs.												$ -
g. Gas & Oil												$ -
												$ -
												$ -
												$ -
												$ -
												$ -
Subtotal	$ -	$ -	$ -	$ -		$ -			$ -	$ -		$ -
TOTAL	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

REQUEST FOR AMENDMENT

NORTH DAKOTA DIVISION OF COMMUNITY SERVICES

SFN 52191 (4/01)

DIVISION OF COMMUNITY SERVICES
REQUEST FOR AMENDMENT

1. Grantee Name & Address	2. Instrument Number	3. Request Number
	4. Approved Grant Period	5. Date of Request

6. Type of Amendment A. 9 Extension of Time B. 9 Budget Revisions

C. 9 Scope of Work D. 9 Special Conditions

7. Explanation for Request (Attach Additional Page if Necessary)

8. Budget Revision

Line Item/Activity	Approved Budget	Dollar Change (+/-)	Revised Budget
TOTAL			

If Time Extension - Revised Date is _____

9. Authorized Signature

Signature	Agency
Title	Date

10. Action Taken ***(DCS USE ONLY)***

Approved Disapproved

Name	Title
Signature	Date

REQUEST FOR AMENDMENT DIRECTIONS

Block 1: Enter the official grantee name and mailing address.

Block 2: Enter the DCS Instrument Number assigned on the Financial Award.

Block 3: Indicate the appropriate request number.

Block 4: Enter the approved Budget/Project Period from the Financial Award.

Block 5: Enter date of the preparation of the Request for Amendment.

Block 6: Place a mark in the appropriate space to reflect the type of amendment being requested.

Block 7: Provide a detailed explanation of the amendment, to include the reason and the results. Attach additional pages if necessary.

Block 8: To be completed if the request if a change in the approved budget or number of homes to be weatherized or if a time extension is being requested.

Block 9: All requested information should be provided.

Block 10: For DCS use only.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Work Plan and Budget Amendments **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 100.40 **PROGRAM:** LIHEAP

DISCUSSION: Community Action Agencies (CAAs) may request changes in weatherization work plans or budgets. Requests for amendment shall be submitted in writing on the attached "Request for Amendment Form."

The CAA may transfer up to five percent (5%) of the funds authorized for a budget category, between line items within the budget category, without the prior approval of DCS. Cumulative transfers between line items in a budget category that will exceed five percent must receive prior written approval by DCS.

Weatherization budget categories are defined as 1) administration, 2) production, 3) financial audit 4) liability insurance, 5) health and safety and 6) training and technical assistance.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Deobligation, Suspension & Termination of Award

DATE: November 2017

POLICY/GUIDANCE NUMBER: 100.60

PROGRAM: LIHEAP

DISCUSSION: Weatherization funding to a Community Action Agency (CAA) may be deobligated, suspended or terminated by mutual consent or by documentation of a specific cause and written notification of the CAA.

A CAA may request deobligation of a portion of its weatherization award prior to the expiration date specified in its Award if the CAA is unlikely to completely obligate the award. Upon deobligation the DCS may reallocate the deobligated amount to another CAA. CAA production goals will be adjusted to reflect the deobligation.

DCS may also suspend or terminate an Award in the event of fraud or repeated failure to comply with fiscal and programmatic requirements.

10 CFR 440.15.3
(e) A State may terminate financial assistance under a subgrant agreement for a grant period only in accordance with established State procedures that provide to the subgrantee appropriate notice of the State's reasons for termination and afford the subgrantee an adequate opportunity to be heard.

Programmatic Terms and Conditions

C. MANAGEMENT OF GRANT FUNDING SOURCES – In recognition of federal grant deadlines and/or expirations, the Grantor has the authority to direct the Recipient to utilize one grant funding source over another and may suspend use of one or more grant funding sources in order to ensure the State receives its maximum allowable benefit of every funding source it receives.

Continuation of funding is contingent on (1) the availability of funds appropriated by Congress for the purpose of this program and the availability of future-year budget authority; (2) Recipient's satisfactory progress towards meeting the objectives of the Weatherization Assistance Program; (3) Grantee's submittal of required reports; and (4)Recipient's compliance with the terms and conditions of this award.

L. NONCOMPLIANCE – Should the Recipient fail to comply with the requirements of this award, the Grantor may take appropriate action consistent with 10 CFR 600.24 and 600.25,including but not limited to, redirecting, suspending or terminating the award. The Grantor may deny reimbursement of costs incurred that relate to the failure to comply and such costs may not be recognized as allowable cost share.

Causes for suspension or termination of award may include:

Lack of production - failure to serve clients
Inefficient use of resources
Repeated non-compliance
Repeated findings in monitoring reports
Waste, fraud, and abuse
An agency on high risk status that is making no progress on action plans or directives provided by DCS when such status is imposed
Failure to provide timely responses to requests for action plans to address problems
Failure to remove staff identified by DCS as causing inefficiencies, repeated mistakes, or behavior detrimental to the Weatherization Assistance Program
Failure to follow the grievance procedures in section 100.70

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Grievance Procedures **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 100.70 **PROGRAM:** LIHEAP

DISCUSSION: A Community Action Agency (CAA) may appeal any decision or action made by Division of Community Services (DCS) staff, when cause for such an appeal can be presented. Such grievances shall follow the procedures set forth in this section.

When appealing the decision or action of a DCS staff member, such appeals are to be presented, in writing, to the DCS Director. The DCS Director will review the information presented, and if cause for review is evident, the DCS Director will review and respond in writing within thirty (30) days of receipt of the appeal. If no cause is shown, the CAA will be notified within ten (10) days.

When appealing a decision or action of the DCS Director, the appeal is to be presented to the Commissioner of the Department of Commerce. The same format and timetable set forth in the previous paragraph will be followed.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Financial Management Systems **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 200.10 **PROGRAM:** LIHEAP

DISCUSSION: Community Action Agencies (CAA's), as grantees of the state, operate a financial management system which meets or exceeds the minimum requirements set forth in A-102, A-110 Uniform Requirements for Grants & Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations, A-122 Cost Principles for Nonprofit Organizations, A-133 Audits of Institutions of Higher Education and other Nonprofit Organizations, as applicable to the specific CAA. The Division of Community Services (DCS) reserves the right to establish additional requirements, in line with federal and state regulations, when specific situations merit such requirements.

The CAA must provide written fiscal procedures and any revisions as adopted for review by DCS. The CAA must have an audit conducted annually by an auditor who satisfies GAO licensing requirements. The DCS or its contractor will monitor the CAA's financial management systems annually.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Cash Requests **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 200.20 **PROGRAM:** LIHEAP

DISCUSSION: Community Action Agencies (CAA's) may request the advance of funds on a bi-monthly basis. The advance shall be an amount sufficient to cover costs to be incurred during the ensuing 15 day period.

The cash request must be signed by the CAA Executive Director or their authorized representative in accordance with the "Cash Request Due Dates" schedule which is provided to the CAA Fiscal Officer prior to January 1 of each year.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Cash on Hand **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 200.30 **PROGRAM:** LIHEAP

DISCUSSION: It is the policy of the Division of Community Services (DCS) to permit each Community Action Agency (CAA) to retain $5,000 in weatherization funds on hand. The cash on hand limit applies to the combined amount of unobligated LIHEAP funds in the possession of the CAA after current obligations have been liquidated.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Allocation of Indirect Costs **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 200.40 **PROGRAM:** LIHEAP

Office of Management and Budget (OMB) Circular A-122 establishes principles for determining costs applicable to grants, contracts, and other agreements with private non-profits organizations and requires Agencies responsible for administering programs that involve awards to non-profit organizations to implement the provisions of A-122. As a general rule, there are four main guidelines to keep in mind when charging expenses to federal grants and contracts. All expenditures must abide by the following four principles.

All charges must be:

Reasonable

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.

b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and State laws and regulations, and terms and conditions of the award.

c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.

d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

Allocable

a. A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is

allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

(1) Is incurred specifically for the award.

(2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or

(3) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

b. Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

Applicable credits.

a. The term applicable credits refers to those receipts, or reduction of expenditures which operate to offset or reduce expense items that are allocable to awards as direct or indirect costs. Typical examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing or received by the organization relate to allowable cost, they shall be credited to the Federal Government either as a cost reduction or cash refunds, as appropriate.

b. In some instances, the amounts received from the Federal Government to finance organizational activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the organization in determining the rates or amounts to be charged to Federal awards for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds.

c. For rules covering program income (i.e., gross income earned from federally-supported activities) see Sec. __.24 of Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations."

Allowable

Costs permitted as a direct cost under the terms of a specific grant or contract. Costs expressly unallowable or mutually agreed to be unallowable shall be identified and excluded from any billing, claim, application, or proposal related to a sponsored research project.

Sponsoring agencies use the term "allowable" to mean permitted as a direct cost under the terms or a specific grant or contract. Expenditures which are generally allowable for federal reimbursement may not necessarily be permitted under the terms of a specific grant or contract.

Direct Costs

1. Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost. Costs identified specifically with awards are direct costs of the awards and are to be assigned directly thereto. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

2. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such cost is consistently applied to all final cost objectives.

3. The cost of certain activities are not allowable as charges to Federal awards (see, for example, fundraising costs in **paragraph 23 of Attachment B**). However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for purposes of determining indirect cost rates and be allocated their share of the organization's indirect costs if they represent activities which (1) include the salaries of personnel, (2) occupy space, and (3) benefit from the organization's indirect costs.

4. The costs of activities performed primarily as a service to members, clients, or the general public when significant and necessary to the organization's mission must be treated as direct costs whether or not allowable and be allocated an equitable share of indirect costs. Some examples of these types of activities include:

a. Maintenance of membership rolls, subscriptions, publications, and related functions.
b. Providing services and information to members, legislative or administrative bodies, or the public.
c. Promotion, lobbying, and other forms of public relations.
d. Meetings and conferences except those held to conduct the general administration of the organization.
e. Maintenance, protection, and investment of special funds not used in operation of the organization.
f. Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, financial aid, etc.

Indirect Costs

1. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost.

2. Because of the diverse characteristics and accounting practices of non-profit organizations, it is not possible to specify the types of costs which may be classified as indirect cost in all situations. However, typical examples of indirect cost for many non-profit organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

3. Indirect costs shall be classified within two broad categories: "Facilities" and "Administration." "Facilities" is defined as depreciation and use allowances on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. "Administration" is defined as general administration and general expenses such as the director's office, accounting, personnel, library expenses and all other types of expenditures not listed specifically under one of the subcategories of "Facilities" (including cross allocations from other pools, where applicable).

Expense Allocation Policies:

If an expenditure solely benefits one project, it should be charged entirely to that benefiting project. However, sometimes an expenditure can benefit two or more projects. Lab chemicals are an example of an expense that could potentially benefit more than one project. When this occurs, the expenditure must be charged in the same proportions as the benefits on the respective projects. (See "Examples" below.)

Any costs allocable to a particular grant/award may not be shifted to other sponsored grant/awards in order to meet deficiencies caused by overruns (deficits) or other fund considerations. Costs can not be shifted to avoid restrictions imposed by law or terms of the sponsored agreement or for other reasons of convenience.

If a cost benefits two or more projects or activities, it must be charged in accordance with its benefits to each project respectively. Charges split between more than one grant must be split on the basis of proportional benefit or other reasonable method. **The division of the expenditures can not be split based on available funding or any other type of synonymous methodology**. An expenditure that benefited two or more projects cannot be charged solely to one project because the other project is almost out of funding.

Allocation Methodologies & Guidelines:
All expenditure allocations must be done on a rational basis. Prohibited allocation methodologies include any methodology based on rotation of budgets, funding or available funds.

Always **document the allocation methodology.** Allocation methodologies must be documented and auditable. Documentation should include support for the specific costs allocated and indicate how the allocation methodology is logically related to the cost being allocated. This support should be retained by the department and be made available for review. Always remember to document why measures such as headcount, square footage or hours directly relate to the benefit received.

Allocate expenditures on a routine basis. Do not wait until the end of the fiscal year or the end of the grant year to allocate expenditures.

Allocation methodologies should be reviewed periodically to ensure they are reasonable. Methodologies based on sampling, surveys, etc. should be reviewed and updated at least once each fiscal year. Changes to the population may signal the need to review the allocation methodology more frequently.

Allocation methodologies need to be reviewed when the project begins and ends to ensure compliance.

Examples:
The following are some examples of allocation methodologies. Other reasonable methodologies can be developed, provided that they meet the A-21 allocation principles. Click on each example for a more detailed scenario.

Allocation based upon usage: The cost of supplies allocated based upon the quantity used on each project.

Allocation based upon number of hours: The cost of computer equipment allocated based upon the number of hours logged on for each project.

Allocation based upon FTEs: The cost of renting space allocated based upon the number of FTEs working on each project.

SAMPLE
COST ALLOCATION PLAN

Purpose/General Statements

The purpose of this cost allocation plan is to summarize, in writing, the methods and procedures that this organization will use to allocate costs to various programs, grants, contracts and agreements.

OMB Circular A-122, "Cost Principles for Non-Profit Organizations," establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government. *XYZ Organization's* Cost Allocation Plan is based on the Direct Allocation method described in OMB Circular A-122. The Direct Allocation Method treats all costs as direct costs except general administration and general expenses.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by *XYZ Organization*.

General Approach

The general approach of *XYZ Organization* in allocating costs to particular grants and contracts is as follows:

A. All allowable direct costs are charged directly to programs, grants, activity, etc.

B. Allowable direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.

C. All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants, etc. using a base that results in an equitable distribution.

ALLOCATION OF COSTS

The following information summarizes the procedures that will be used by *XYZ Organization* beginning *Month/Day/Year:*

A. Compensation for Personal Services - Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see example 2).

   1. Fringe benefits (FICA, UC, and Worker's Compensation) are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life & disability and other fringe benefits are also allocated in the same manner as salaries and wages.

   2. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.

B. Travel Costs - Allocated based on purpose of travel. All travel costs (local and out-of-town) are charged directly to the program for which the travel was

incurred. Travel costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Travel costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

C. Professional Services Costs (such as consultants, accounting and auditing services) - Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see Example 4).

D. Office Expense and Supplies (including office supplies and postage) - Allocated based on usage. Expenses used for a specific program will be charged directly to that program. Postage expenses are charged directly to programs to the extent possible. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see Example 4).

E. Equipment - *XYZ Organization* depreciates equipment when the initial acquisition cost exceeds $x,xxx. Items below $x,xxx are reflected in the supplies category and expensed in the current year. Unless allowed by the awarding agency, equipment purchases are recovered through depreciation. Depreciation costs for allowable equipment used solely by one program are charged directly to the program using the equipment. If more than one program uses the equipment, then an allocation of the depreciation costs will be based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

F. Printing (including supplies, maintenance and repair) - Expenses are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based the ratio of the costs to total expenses. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

G. Insurance - Insurance needed for a particular program is charged directly to the program requiring the coverage. Other insurance coverage that benefits all programs is allocated based on the ratio of each program's expenses to total expenses (see example 4).

H. Telephone/Communications - Long distance and local calls are charged to programs if readily identifiable. Other telephone or communications expenses that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3).

Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

I. Facilities Expenses - Allocated based upon usable square footage. The ratio of total square footage used by all personnel to total square footage is calculated. Facilities costs related to general and administrative activities are allocated to program based on the ratio of program square footage to total square footage (see example 5).

J. Training/Conferences/Seminars – Allocated to the program benefiting from the training, conferences or seminars. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

K. Other Costs (including dues, licenses, fees, etc.) - Other joint costs will be allocated on a basis determined to be appropriate to the particular costs. *(Grantee should describe methodology for applicable costs).*

L. Unallowable Costs – Costs that are unallowable in accordance with OMB Circular A-122, including alcoholic beverages, bad debts, advertising (other than help-wanted ads), contributions, entertainment, fines and penalties. Lobbying and fundraising costs are unallowable, however, are treated as direct costs and allocated their share of general and administrative expenses.

Examples of Allocation Methodology

Example 1

Expense Amount = $5,000

Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's personnel costs (salaries & applicable benefits) to the total of such personnel costs, as follows:

Grant	Personnel Costs	%	Amount Allocated
A	$ 20,000	20%	$1,000
C	$ 30,000	30%	$1,500
E	$ 50,000	50%	$2,500
Total	$100,000	100%	$5,000

Example 2

Expense Amount = $10,000

Costs that benefit **all** programs are allocated based on a ratio of each program's personnel costs (salaries & applicable benefits) to total personnel costs as follows:

Grant	Personnel Costs	%	Amount Allocated
A	$ 20,000	13%	$1,300

B	$ 10,000	7%	$ 700
C	$ 30,000	20%	$2,000
D	$ 40,000	27%	$2,700
E	$ 50,000	33%	$3,300
Total	$150,000	100%	$10,000

Example 3

Expense Amount = $4,000

Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's expenses (direct costs other than salaries & benefits) to the total of such expenses, as follows:

Grant	Program Expenses	%	Amount Allocated
A	$ 120,000	30%	$1,200
C	$ 130,000	33%	$1,320
E	$ 150,000	37%	$1,480
Total	$ 400,000	100%	$4,000

Example 4

Expense Amount = $8,000

Costs that benefit **all** programs will be allocated based on a ratio of each program's salaries to total salaries as follows:

Grant	Program Expenses	%	Amount Allocated
A	$ 120,000	18%	$1,440
B	$ 110,000	17%	$1,360
C	$ 130,000	20%	$1,600
D	$ 140,000	22%	$1,760
E	$ 150,000	23%	$1,840
Total	$650,000	100%	$8,000

Example 5

Facilities Expense Amount = $10,000

Facilities costs are allocated based on square footage. Square footage for each program and general and administrative activity is considered in the analysis. General and administrative facilities costs are further allocated to each program based on the square footage of each grant program to the total square footage of all grant programs.

The calculation is as follows:

Grant	Square Footage	%	Amount Allocated	G&A Allocated	Total Amount Allocated
A	300	30%	$ 3,000	$ 340	$ 3,340
B	100	10%	$ 1,000	$ 110	$ 1,110
C	200	20%	$ 2,000	$ 220	$ 2,220
D	200	20%	$ 2,000	$ 220	$ 2,220
E	100	10%	$ 1,000	$ 110	$ 1,110
G&A	100	10%	$ 1,000	0	0
Total	1,000	100%	$10,000	$1,000	$10,000

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Capital Equipment Inventory Records **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 200.50 **PROGRAM:** LIHEAP

DISCUSSION: The Subgrantees are required to protect and account for all assets obtained with Weatherization Contract funds. The property management, and inventory control procedures must be in writing and meet all Federal and State regulations.

Property Management

The Executive Director of the Subgrantee Agency must designate an individual responsible for purchasing and maintaining records on all property, equipment, and non-expendable supplies purchased with weatherization program funds received from the State of North Dakota. The OMB circular A-102 and A-110 Procurement regulations must be followed in all property management.

Property management procedures must be in writing and will be monitored for compliance. A record of all property with a purchase price of $5000 or more or with usage period exceeding two years must be accurately maintained and shall include the following:

(a) A full description of the property.

(b) Manufacturer's serial number, model number or the identification number.

(c) Source of funds used to purchase the property including contract number.

(d) Whether title invests with the agency, State or Federal Government.

(e) Acquisition date and cost, including all taxes, freight charges, etc.

(f) Percentage of Federal participation, the cost to the program for which the property was purchased.

(g) Location, use and condition of the property and the date information was recorded.

(h) Disposition data, including date of disposal, method of disposal, and sales price if sold. If the Federal Government is compensated for the sale, the method used for determining the current fair market value is required.

When purchasing individual items which represent component parts of a larger article, the acquisition cost criteria are to be applied to the sum of the individual items.

A physical inventory must be taken and documented of all property purchased with Weatherization Program funds at least annually. A control system must be implemented to insure adequate safeguards to prevent loss, damage or theft of property. Adequate recovery insurance must be maintained on the property.

Letters authorizing purchase or disposition of capital equipment, or addressing other aspects of property management are to be retained by the CAA with the capital inventory records. If there are changes to the capital equipment inventory records, the changes shall be reported to the DCS.

If the property is considered for disposal by sale, authorization must first be obtained from the DCS. Proper sales procedures shall be established which provide for fair and open competition to result in the highest return.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Records Retention and Access Requirements

DATE: June, 2013

POLICY/GUIDANCE NUMBER: 200.60

PROGRAM: LIHEAP

DISCUSSION: The Community Action Agency (CAA) shall retain complete documentation and records of all expenditures incurred under the LIHEAP Weatherization, Emergency Furnace Repair and Replacement, and Cooling grants for a period of at least three years after the close-out of the funding contract. These records are to be retained and made accessible for the purposes of review and audit by the State, its authorized representative, the federal departments of Energy and Health and Human Services, the Comptroller General of the United States and any other authorized federal representative.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Audit Requirements **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 200.70 **PROGRAM:** LIHEAP

DISCUSSION: The Community Action Agency (CAA) shall be responsible for arranging an annual independent audit that complies with OMB Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations, and with the federal General Accounting Office Standards for Audit of Governmental Organizations, Program, Activities, and Functions.

A copy of the completed audit shall be submitted to the Division of Community Services (DCS), within thirty days of its completion. The audit should be accompanied by a letter in which the CAA addresses any findings and questioned costs identified in the audit and explains the steps that will be taken to rectify any such deficiencies in fiscal procedures.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Close-out Procedures **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 200.80 **PROGRAM:** LIHEAP

DISCUSSION: The Division of Community Services (DCS) considers a grant as formally "closed-out" upon the completion of the following actions:

- All necessary final reports have been submitted to the DCS by the Community Action Agency (CAA);
- Program and fiscal reports are reviewed by DCS staff for accuracy and as a preliminary basis for assessing whether expenditures reported are allowable ;
- Any and all weatherization grant funds in the possession of the CAA which have not been earned are returned to the DCS;
- Documentation of remaining inventory, by type, quantity and value, is submitted to the DCS and;
- A fiscal and compliance audit covering the grant period is prepared, submitted to the State, reviewed by the State, and, any questions or issues raised are resolved.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Allowable Costs - General **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 300.10 **PROGRAM:** LIHEAP

DISCUSSION: 10 CFR 440.18, define allowable costs under the weatherization program.

Allowable costs include:

(1) The cost of purchase and delivery of weatherization materials.
(2) Labor costs, in accordance with §§440.19;
(3) Transportation of weatherization materials, tools, equipment, and work crews to a storage site and to the site of weatherization work;
(4) Maintenance, operation, and insurance of vehicles used to transport weatherization materials;
(5) Maintenance of tools and equipment;
(6) The cost of purchasing vehicles, except that any purchase of vehicles must be referred to the ND Dept of Commerce for prior approval in every instance.
(7) Employment of on-site supervisory personnel;
(8) Storage of weatherization materials, tools, and equipment;
(9) The cost of incidental repairs if such repairs are necessary to make the installation of weatherization materials effective;
(10) The cost of liability insurance for weatherization projects for personal injury and for property damage;
(11) The cost of carrying out low-cost/no-cost weatherization activities in accordance with §§440.20;
(12) The cost of weatherization program financial audits as required by §§440.23(d);
(13) Allowable administrative expenses as listed in 300.30 of the Weatherization Policy and Procedures manual.
(14) Funds used for leveraging activities in accordance with §§440.14(b)(9)(xiv); and
(15) The cost of eliminating health and safety hazards elimination of which is necessary before, or because of, installation of weatherization materials.

The Community Action Agencies (CAA's) financial management system must be capable of documenting reasonableness, the method of allocation and appropriateness. Expenditures must also be based upon acceptable procurement procedures and demonstrate a cost-effective approach in order to be classified as allowable. Expenditures not meeting this criterion may be subject to disallowance.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Weatherization Production Costs **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 300.20 **PROGRAM:** LIHEAP

DISCUSSION: The Weatherization Production Costs are considered those costs that are incurred in the delivery of weatherization services and can be classified into three general categories, support costs, labor costs and material costs. Each of these categories consists of cost subcategories which are defined below.

Support Costs:

Direct Support Costs

Direct Support Costs are considered those costs which can be specifically identified with the delivery of weatherization services

1. Transportation of the weatherization materials, tools, equipment and crews to a work site from the warehouse or office site. Travel costs incurred by auditors and inspectors while completing while completing their job functions fall into this category.

2. The cost of fuel for generators.

3. Tyvek suits, mask filters, etc.

Indirect Support Costs

1. Personnel costs associated indirectly with the completion of a unit may charge to program support. Examples of these costs are; time spent by administrative employees taking inventory, time spent by a receptionist helping clients apply for assistance. Time spent by personnel not indirectly supporting the program must be charged to administration.

   Weatherization Coordinators' time not spent directly supervising crews on the job, auditing, inspecting, or delivering goods and materials to crews may be charged to the program support category or administration <u>depending upon the actual job functions</u> being carried out. Time sheets must reflect the hours spent on non-production activities.

2. Maintenance, operation, and insurance of the vehicles used for tasks listed under (a).

3. Purchase or lease of tools and/or equipment and vehicles.

4. Warehouse costs related to the storage of weatherization materials, tools and equipment to include associated cost such as fire and theft insurance and utilities. The square foot rental costs of warehouse space must be at or below the cost of similar commercially available space in that general area.

Labor Costs:

1. Payment of salaries to employ labor, to include benefits, for the purpose auditing, inspecting, transporting and/or installing weatherization materials, making eligible repairs on weatherization units and replacing heating systems.

2. Payments made to contractors to install materials, repair or replace heating systems, or for contract labor to provide electrical, plumbing, or glazing services.

Weatherization Material Costs:

1. The cost for materials listed in 10 CFR Part 440 Appendix A- "Standards for Weatherization Materials" are to be classified as material costs.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Allowable Costs: Administration **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 300.30 **PROGRAM:** LIHEAP

DISCUSSION: The following information serves to clarify the definition of Administration Costs as they pertain to the North Dakota Weatherization Program.

The Weatherization Assistance Program legislation and regulations do not define allowable administrative costs however, certain expenditures incurred by a grantee or subgrantee in carrying out this program by exclusion from other categories must be defined as administrative costs. Therefore, for the purposes of the North Dakota Weatherization Program a broad definition of what can be considered an administrative cost will be adopted in order to allow subgrantees the most flexibility in their budgeting process.
Administrative costs can be classified as both direct and indirect.

Examples include:

- Accounting, budgeting, financial and cash management functions;
- Procurement and purchasing functions;
- Personnel management functions;
- Payroll functions;
- General legal services;
- Travel costs incurred for official business in carrying out administrative activities or the overall management of the WAP program
- Telephone costs, including long distance charges, incurred by the weatherization program;
- Salary and fringe benefits for administrative and support staff. Portions of administrative personnel costs could properly be charged to program support if these duties are directly related to the installation of materials on eligible houses. For example, accounting clerks who spend a portion of their time on inventory control or

Weatherization Coordinators who do energy audits or make final inspections would allocation part of their salaries to program support. Salaries of other administrative personnel necessary for the management of the Weatherization Assistance Program (directors, secretaries, accountants, clerks, receptionists, etc) would be charged entirely to administration. A reasonable portion of the Weatherization Coordinator's time may be charged to administration to cover their administrative activities.

- Salaries and fringe benefits of secretaries, fiscal personnel, and other administrative staff;

- Equipment /supplies purchased for use in administering the program. e.g., computer equipment, copier, desks, bookcase, file cabinets etc.

- Those administrative costs not covered under other defined categories; for example, space, copying, general office insurance, postage and supplies.

- Building/space rented or leased – must be reasonable and may e required to be competitive with other similar space or commercially available properties depending on property ownership. The allocation of costs for office space must be consistent with the allocation of other program costs. Rented space for warehousing of weatherization materials is not to be included in this category.

- In general all costs incurred that are associated with the provision of advice and/or assistance to clients for the purpose of completing an application to include outreach **prior** to its submission and acceptance must be considered administrative costs. Once an application has been approved, costs incurred in the provision of weatherization services may be classified as a program support or a production cost. However, certain program costs, by their nature may only be classified as administrative costs.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Training & Technical Assistance **DATE:** November 2017

POLICY/GUIDANCE NUMBER: 300.40 **PROGRAM:** LIHEAP

DISCUSSION: A cost category is permitted under the Department of Energy's Weatherization grant to cover training and technical assistance (T&TA) costs. T&TA costs must be included in the Agency's annual budget and approved by the DCS prior to their expenditure. Activities not included in the budget must be submitted to and approved by DCS independently prior to their payment with T&TA funds.

1) Training and Technical Assistance costs may include the following;

   a) Registration, transportation, lodging, per diem and salaries for staff while attending conferences, workshops, quarterly meetings or any other approved training activity.

   b) The cost of trainers, their lodging and per diem.

2) The time employees spend in training activities, including the travel time, are to be charged to Training also, to assure that the time not utilized for production activities is not charged to the Labor category.
3) Time Sheets must distinguish between production time and the actual hours production staff spent in training activities.
4) Training new employees while on the job site is an allowable T&TA cost.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Employee Travel Cost Reimbursement **DATE:** November 2017

POLICY/GUIDANCE NUMBER: 300.50 **PROGRAM:** LIHEAP

DISCUSSION: Employee travel expense reimbursements for Community Action Agency (CAA) weatherization personnel may not exceed **state approved rates** for meals, mileage, and lodging.

The attached Office of Management and Budget (OMB) Policies and excerpt from the North Dakota Century Code (NDCC) shall be followed in determining the type and amount of reimbursement allowed.

CAA's may establish their own policies to govern employee travel reimbursement which exceed the state approved rates however the amount in excess of the state approved rates must be paid from a source other than Weatherization Assistance Funds.

Reimbursement for Meals and Lodging

Chapter 44-08-04 provides that reimbursement is allowed only for overnight travel and other travel while away from the normal place of employment for four hours or more. See reimbursable meals section for exceptions.

Meal	Meal Allowance Timeframes	In-State	Out-of-State
Breakfast	Travel must begin before 7:01 am.	$7.00	20% of GSA daily rate
Lunch	Travel must begin before 11:01 am and extend past 1:00 pm.	$10.50	30% of GSA daily rate
Dinner	Travel must begin before 5:01 pm and extend past 7:00 pm.	$17.50	50% of GSA daily rate

If an employee is claiming reimbursement for meals for travel when no overnight stay is involved, the meal reimbursement is taxable. When completing the Travel Expense Voucher, taxable meals must be noted accordingly. The employee will receive the full meal reimbursement and the taxes will be withheld through the payroll system during the next payroll cycle.

For out-of-state travel, a list of Federal IRS reimbursement allowances for meals for various cities across the country can be found at the GSA website for current per diem rates.

In-State Lodging:

In state lodging may be paid up to a maximum of the present State Rate plus any additional applicable state and local taxes on lodging. If the room rate is more than the present State Rate, the individual may only be reimbursed for the additional taxes based on the present State Rate, and the additional taxes must be pro-rated. For example; if the room is $65.00 and taxes are $5.00, the individual will be reimbursed $50.00 plus (50 / 650 X 5) = $3.84.

Exceptions exist for lodging in the western part of the state (i.e. Williston). To view the rate exceptions, refer to the OMB Fiscal & Administrative Policies
(Policy 505 – Reimbursement for Meals and Lodging) at the following link:
https://www.nd.gov/omb/sites/omb/files/documents/agency/financial/fiscaladmin2017.pdf.

Also, if the employee is in a city where they do not offer the state rate (i.e., Medora) or if the city is hosting a major function (i.e., Minot during the Norsk Hostfest) and does not offer the state rate at that time, then the employee will need to check for the best rate, document an explanation, claim the lowest rate available, and attach it to their expense voucher.

Out-of-State Lodging:
Actual lodging expense.

Employees are strongly encouraged to request the government rate when making hotel reservations.

The head of any department, institution, or agency may set a rate for out-of-state travel which is less than that set forth by statute.

NOTE: Before any allowance for such mileage or travel expenses will be made, the official, deputy, assistant, clerk, or other employee will file with the agency, an itemized statement showing mileage traveled, the purpose thereof, and such other information and documentation as may be prescribed by the IRS, or an agency. Statements such as "to attend a meeting" etc., should not be accepted as sufficient documentation for purpose of travel.

If an employee is not claiming reimbursement for lodging, please indicate such on the Travel Expense Voucher.

Any out of state travel must have written approval from the WAP Program Manager.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Written Procurement Procedures Requirement

DATE: June, 2013

POLICY/GUIDANCE NUMBER: 400.10

PROGRAM: LIHEAP

DISCUSSION: Federal grants management rules require Community Action Agencies (CAA's) to have a written procurement procedure on file. This document must explain the procedures for purchasing all goods and services, and express compliance with OMB Circular A-110. Each agency must submit their procurement policies to the DCS for approval upon development and in advance of implementing any proposal changes to the procedure.

The CAA is responsible for retaining all documentation necessary to verify compliance with the applicable procurement regulations. These documents must be available for review by DCS staff.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Overview of Procurement Procedures **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 400.20 **PROGRAM:** LIHEAP

DISCUSSION: The individual Community Action Agency (CAA) is ultimately responsible for selecting procurement procedures most appropriate to the type of planned transaction.

The attached Overview of Procurement Procedures provides guidance towards fulfilling the intent of state and federal procurement regulations.

Section 400.20

PROCUREMENT PROCEDURES: OVERVIEW

A. Introduction

Procurement of materials and services represents the greatest potential for runaway program costs for many WAP projects. Therefore it is essential that Subgrantee develop and follow sound procurement policies when making purchases with Weatherization funds. The development of sound procurement procedures involves addressing several fundamental principles:

- The underlying principle of good procurement is **maximum open and free competition**. If at all possible, all procurement regardless of dollar value, should involve competition.

- The second principle is the equal treatment of all prospective sellers of the goods or services to be purchased.

- The third principle involves the relationship between the purchasing organization and the contractor. This buyer-seller relationship involves an "arms-length" arrangement under which the rights of both parties are stated clearly in the contract.

- The fourth principle involves the right of both parties to a contract remedy when one party in the contract believes it is being required to do more than its contractual obligation indicates.

Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Learning, Education, Hospitals, and Other Non-Profit Organizations and North Dakota Office of Management and Budget Level 1 Procurement Manual establish the minimum procurement requirements for Weatherization subgrantees. They are as follows:

1. Code of Conduct

The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection or in the award or administration of a contract supported by federal funds if a real or apparent conflict or interest would be involved.

2. Competition

All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Procedures cannot restrict or eliminate competition. Restrictive actions would include:

(a) Unreasonable requirements

(b) Noncompetitive practices between firms

(c) Conflict of interest

(d) Brand name specification or,

(e) Unnecessary experience or bonding requirements

Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered.

3. Cost and Price Analysis

Some form of price or cost analysis must be made in connection with every procurement action including contract modifications. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indices, together with discounts.

Cost analysis is the review and evaluation of each element of cost to determine if it is reasonable, allowable and how the cost will be allocated. A cost analysis must be performed when the vendor is required to submit the elements of their estimated cost, e.g., under professional, consulting, and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurement. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

The method and degree of either analysis is dependent on the particular procurement situation, but as a starting point, subgrantees must make independent estimates before receiving bids or proposals.

4. Documentation

Regardless of the specific procurement procedure employed, subgrantees must be able to supply written documentation provides the basis for verifying that the procedures are in compliance with all aspects of A-110, including the assurance of open and free competition. Since the burden of proof that proper procedures have been followed rests with the local agency, it is essential that thorough and accurate documentation be maintained.

The following components comprise the basics of thorough documentation (specific situations may require additional documentation depending upon the circumstances):

a. Description of the procurement method or methods employed (as part of the agency's financial operating procedures);

b. A detailed description of how the bid or proposals will be evaluated, (this information needs to accompany the bid/proposal specifications so that all prospective bidders are notified up front);

c. Justification for lack of competition when competitive bids or offers are not obtained; and

d. The basis for the award, cost or price.

5. Procurement Procedures

In addition to the code of conduct, competition, cost/price analysis and documentation requirements, all subgrantees must establish written procurement procedures that, as a minimum, provide for the following:

a. The procurement action must follow a procedure to avoid purchasing unnecessary or duplicate items

b. There must be a contract administration system

c. Subgrantees are encouraged to enter into State and local intergovernmental agreements for purchasing common goods and services

d. Subgrantees are encouraged to use Federal excess and surplus property

e. Procedures to ensure awards are only to responsible contractors

f. Records that detail the history of procurement

g. Subgrantees must settle all contractual and administrative issues arising out of procurement

h. There must be written selection procedures; and

i. Procurement policies should state that the agency has the right to reject any and all bids or proposals.

B. **Selecting the Proper Procurement Method**

Procurement methods are generally divided into five categories: small purchases, competitive small purchases, competitive sealed bid (formal advertising), competitive negotiation, or noncompetitive negotiation. The dollar values, complexity of the procurement action, and/or benefits to the grantee are the determining factors in the type of procurement method used.

Small purchase procedures are reserved for those purchases which are $2,500 and below. Subgrantees must use adequate procedures to ensure commodities and services are obtained at a fair and reasonable price, which may include the solicitation of only one oral or written informal bid or proposal. Rotate vendors solicited on an equitable basis. (Ref. N.D.A.C. 4-12-08-02). Subgrantees may base "fair and reasonable" price on information including previous purchases, market research, a published price list, or by simply soliciting more than one vendor. Remember, "When in doubt, bid it out."

Competitive small purchase procedures are for those procurements between $2,501 and under $25,000. This is the simplest method and requires that a subgrantee solicit no less than three vendors, insofar as practical, to submit oral or written informal bids or proposals. If subgrantees do not solicit a minimum of three vendors, written justification must be provided.

Competitive sealed bids (formal advertising) require a public solicitation in which bids for purchase over $25,000. Bids are submitted by vendors based on specifications or purchase descriptions supplied by the subgrantee. This method of procurement usually leads to a firm fixed-price contract for a specified period of time with the selection based principally on price.

The competitive negotiation method uses a publicized Request for Proposal for subgrantee procurement that is not appropriate for formal advertising. Negotiations with more than one vendor are conducted and a firm-price or cost-reimbursable contract is awarded to the responsible vendor whose proposal will be most advantageous to the grantee.

The last method of procurement, noncompetitive negotiation, is used when the previous alternatives are not feasible. This method is used when: the item is available from only one source; an emergency procurement is required; the State authorizes the noncompetitive negotiation; and/or competition is found to be inadequate after an initial solicitation.

1. Formal Procurement - Bids vs. Proposals

   In order to determine which procurement method to use, subgrantees must make the distinction between bids and proposals. When selection from among all offers received can be made principally on the basis of price and a list of specifications or a purchase description is feasible, then an agency can implement a request for bids. Non-profit agencies are allowed to follow their own procurement policies and procedures as long as they adhere to the general requirements set forth in OMB Circular A-110,. Conversely, when other factors along with price need to be considered (such as the bidder's level of training and experience and quality of work), then a "request for proposal" needs to be employed.

2. Competitive Sealed Bids

   Generally, the use of competitive bidding is most applicable to the procurement of materials from vendors (or possibly in contracting out work on a per unit basis where price is still the principle selection factor and a complete specification of the work desired is feasible). This does not mean that other factors, such as delivery time, location of vendor or availability of stock in bulk, are not to be considered. These (and other) factors, when applicable, need to be included in the request for bids to notify bidders that such factors will in fact be considered in the selection process. Yet, price still remains the principle factor and complete specifications are feasible; thus, competitive bidding is appropriate in these situations. In competitive sealed bids (formal advertising), sealed bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded for a specific period of time to the responsible bidder whose bid, in conformance with the specifications, is lowest in price and most advantageous to the bidder.

   a. in order for formal advertising to be feasible, appropriate conditions must be present, including, as a minimum the following:

      - a complete, adequate and realistic specification or purchase description is available;

      - two or more responsible suppliers are willing and able to compete effectively for the grantee's business; and

      - the procurement lends itself to a firm-fixed-price contract, and selection of the successful bidder can appropriately be made principally on the basis of price.

b. If formal advertising is used for procurement under a grant the following requirements shall apply:

- A sufficient time prior to the date set for opening of bids, bids shall be solicited from an adequate number of known suppliers. In addition, the invitation shall be publicly advertised;

- The invitation for bids, including specifications and pertinent attachments, shall clearly define the items or services needed in order for the bidders to properly respond to the invitation;

- A firm fixed price contract award shall be made by written notice to that bidder whose bid, complies with the invitation for bids and the bid specifications, is lowest and in the best interest of the bidder; and

- When using formal bidding procedures, the bidder should retain the right to reject any or all bids when there are sound documented business reasons in the best interest of the program.

3. Competitive Negotiation

When procuring services, normally several factors in addition to price need to be considered and complete specifications are not feasible, proposals need to be requested and "competitive negotiation" employed. An example of such would be the procurement of general labor services addressing the entire array of weatherization and related repair tasks encountered during the program year. In such a situation, complete specifications of the work requested are not feasible, due to the work situations which may possibly be encountered.

Competitive negotiation insures the required free and open competition, while acknowledging that negotiations may be necessary to assess the numerous factors involved in the selection process. In competitive negotiation, specific evaluation factors need to be set forth by the procuring party against which all proposals will be evaluated. Within this context, the procuring party negotiates with each vendor in an attempt to make each proposal meet the specifications set forth in the request. For instance, the specifications may state the following:

a. 10 units per month (minimum) completion rate;

b. Each work order to be completed in 20 days;

c. That each laborer have staff with at least 2 years carpentry experience, and that field supervisory staff have formalized training; and

d. That payment requests be submitted per unit and within 5 days of completion of a unit.

Under this system, proposals are not evaluated relative to each other, but are evaluated against a pre-established set of specifications. Upon initial review of proposals, one or more proposals may present highly competitive prices, but have laborers with less than the specified level of experience. In this situation, negotiation with the vendor(s) is undertaken to determine if the vendor(s) can upgrade the level of experience of their laborers, and negotiate the impact on other factors such as prices and completion rates. Specifically, the proposer may have to hire a more experienced crew to meet the experience specification, thus increasing costs, or only use those existing laborers with adequate experience, thus possibly reducing the proposed completion rate. The exact level and type of involvement of less experienced laborers can be negotiated; less experienced laborers might be limited to certain installation tasks and/or be required to work under direct supervision. Certain proposal evaluation factors are often recognized as relatively more important, compared to the other factors. For instance, the level of experience or formal training of laborers may be of greater importance to the procuring party than the completion rate. To include adequate flexibility in the evaluation process, it is recommended that the relative importance or "weight" of each of the evaluation factors be stated in the Request for Proposals (RFP). It is important to recognize the limits upon procurement decisions that result from information set forth in the RFP. It is important to clarify all decision making flexibility at the onset of the procurement process, since the procuring party must make all decisions based upon the procedures and factors set forth in the RFP.

After the evaluation process is completed and the most advantageous proposal is selected, the most advantageous proposal may not have the capacity to handle the agency's complete workload. In such a situation, multiple contractors are necessary to meet the agency's needs. (NOTE: If the use of multiple contractors is anticipated before initiating the procurement, this should be set forth in the RFP.) Under such circumstances, the vendor submitting the overall best proposal must be guaranteed whatever workload he/she can handle, to maintain the element of incentive necessary for insuring competition. (This guarantee must also be specified in the RFP.) When using multiple contractors, negotiation and evaluation are then employed to determine the next best proposal. This process is continued until adequate labor has been secured to meet the agency's needs.

In some situations it may be preferable to have the subcontractor(s) provide their own materials, versus allocation from an agency inventory or from a vendor selected by the agency through competitive bidding. (Any agency proposing such a system needs to thoroughly assess the cost control and cost effectiveness elements before implementing this approach.) When using such a system, the RFP needs to include a section requesting separate and distinct materials cost information. Materials price quotations must be as detailed as possible, requesting prices in the same manner as used in requesting bids from vendors. Prices for materials must be

separate from the labor prices. This allows for evaluation of these factors separately and provides greater overall cost control. Also note that the relative importance of material and labor prices needs to be set forth in the evaluation factors. The relative weight of these two factors to each other should be based upon the anticipated relative predominance of these two cost categories within the total cost of serving units.

C. **Bid & Proposal Specifications**

Detailed specifications are vital to the procurement process, in terms of soliciting bids or proposals that are readily comparable and meet the needs of the agency. Generally, the bid specifications (1) provide a detailed description of the goods and services desired; (2) set forth the minimum requirements for evaluating bids or proposals; and (3) set forth the "significant evaluation factors.

Specifications can, however, inadvertently result in the restriction or elimination of competition. For example, when purchasing materials, adequate detail consists of a generic description and the minimum standards (such as detailed in Appendix A of 10 CFR 440). When the specifications omit feasible options (such as specifying vinyl thus omitting aluminum) a justifiable basis for such restrictive detail must be recorded as part of the procurement records. Otherwise, such detail constitutes an unjustified restriction of open and free competition.

Whenever practicable, descriptions of technical requirements shall be stated in terms of functions to be performed or performance required, including the range of acceptable characteristics or of the minimum acceptable standards. Although not preferred, "brand name or equal" descriptions may be used as a means to define the performance or their salient requirements of procurement. Subgrantees should be extremely cautious when using a description of this type so that competition is not restricted.

Due to the potential number of variables influencing labor services proposals, labor specifications need to provide sufficient detail so that the prices within the proposals can be readily compared. For example, if specifications request only a rate per hour, per home, or in proportion to the value of materials installed, such costs do not provide adequate detail, and thus do not allow for complete analysis. Specifically, prices based on these factors do not provide adequate information for determining cost effective-ness, due to the significant information omitted. Instead, labor proposals need to request price information with maximum detail, such as the cost of labor per each specific unit and type of material to be installed. It is suggested that an hourly rate quote be requested to cover only those items that cannot be specified in detail, such as various weatherization-related carpentry repairs. Yet, when hourly rates are requested, the specifications must clarify that the agency determines the number of hours authorized for payment per service to be provided prior to work being initiated. Also, to the maximum extent feasible, the specifications should provide examples of hourly rate work to be performed, or at least a general description (such as: general carpentry and home repair

activities related to the installation of energy conservation materials, such as repairs to prime windows, door jambs, hanging new doors, etc.). NOTE: A "Statement of Work" is a valuable element of the RFP due to the inability to fully detail the desired services in the specifications. The Statement of Work should at a minimum provide a general description of the types of services requested and address the general operating system within which the subcontractor will work.

The function of specifications in competitive bidding may not be the same as in competitive negotiation. Bid specifications completely define the desired goods or services, while competitive negotiation specifications cannot.

D. **Award Criteria**

As a general rule, specifications need to delineate the criteria which will be used in determining if a bid or proposal is acceptable, i.e., responsive to the specifications. An example such criteria, which may be used when procuring labor services from a subcontractor are listed below:

- Liability insurance (amounts, limitations, etc.);
- Bonding (as applicable);
- Willingness to work within agency's payment time schedule and system; and
- Possession of certain minimum qualifications and experience among all laborers involved.

These and other factors constitute the initial screening process, and need to be defined as such in the specifications. All bids and proposals received are then first reviewed based on these criteria, to select those which are responsive. Unresponsive proposals should not necessarily be fully rejected. Negotiation with these proposers may lead to revisions that make the proposal responsive, as discussed in the section on competitive negotiation procurement. (NOTE: This is not an option when using a "sealed bid" procurement method.)

1. Proposal Evaluation Factors

Once all bids and proposals received have gone through an initial screening, the formal evaluation as set forth in the bid or proposal specifications is implemented. It is critical that the significant evaluation factors and their relative importance be explicitly defined in the initial request. Otherwise, the bidders not selected may have grounds for challenging the selection process.

The principle objective in delineating and prioritizing evaluation factors is to retain necessary and justifiable control over the selection process and insure that the specific needs of the agency are met. For instance, in the procurement of labor services, the following are examples of factors to consider in evaluating proposals (which would be incorporated in the proposal specifications):

a. Qualifications/level of experience of subcontractor (all pertinent laborers to be involved);

b. Quality of work (represented by viewing past work, when feasible);

c. Completion rate proposed;

d. Service area proposed (if less than agency's entire service area);

e. Small, women-owned, and/or minority business reference, as allowed in A-102/A-110; and

f. Labor prices (possibly prioritized by the relative frequency that each specific service will be required; this allows for comparison of cost effectiveness of proposals containing numerous labor price quotes and with no single proposal presenting the lowest price in each category).

2. Evaluation of Competitive Bids

Bid specifications included in a competitive bid request for materials procurement must also contain evaluation factors, yet not necessarily to the degree included in the proposal specifications used for competitive negotiation. This is based on the fact that competitive bids are primarily evaluated based on the price(s) submitted, with other factors usually used to evaluate bids when price alone cannot distinguish the best bid.

NOTE: When requesting bids on several material items in one request, documentation of projected quantities needed during the year should be on file, thus allowing for relative weighing of the bid prices received on each item). Listed below are some of the more common evaluation factors used by subgrantees in awarding material bids.

a. Delivery time;

b. Location of vendor (or willingness to provide materials to a desired location, and a quotation on the delivery cost);

c. Quantity of desired materials that vendor is willing to stock; and

d. Preferential service.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Procurement Procedures-Prior Approval Requirements **DATE:** January 2018

POLICY/GUIDANCE NUMBER: 400.30 **PROGRAM:** LIHEAP

DISCUSSION: The Community Action Agency (CAA) must submit a request for approval and receive approval prior to executing the following types of purchases:

1) **Sole Source procurement:** Sole source procurement procedures may be used when only one responsive bid or proposal is received through a competitive request process and if aggregate costs will exceed $5,000. In such situations, the CAA must submit a copy of the bid or proposal, including evaluation criteria, information on the method of notification to the public of the competitive request, the response received and justification for any restrictive language in the request, if applicable.

2) **Capital Equipment procurement:** Purchases of capital equipment, where the value of specific items (or total composite, if items are to be used as a set), will exceed $5000.00 must be approved by the DCS. Request for such approval must be made in writing to the DCS using the Purchases over $5000 questionaire located on the NDWAP website.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Subcontracting Checklist **DATE:** January 2018

POLICY/GUIDANCE NUMBER: 400.40 **PROGRAM:** LIHEAP

DISCUSSION: Community Action Agencies (CAAs) are authorized to subcontract for the provision of weatherization materials and/or services. CAA's may not subcontract with any party or business listed on the SAM System for Award Management.

Subcontracts may not extend more than 60 days beyond the termination date of the weatherization contract through which funds are provided. No subcontract shall extend longer than twelve (12) months; (subcontracting should coincide with the CAA's annual request for bids and/or proposals).

The following list outlines elements required in the subcontracting document.

SUBCONTRACT CHECK LIST

1) Effective date of Contract
2) Names of contracting parties
3) Statement of work
4) Required licenses
5) Required insurance - bodily injury and property damage, product liability
6) Proof of workmen's compensation
7) Inspection of work and acceptance before payment
8) Compliance with all local laws and regulations
9) Compliance with all DOE regulations
10) Billing procedures
11) Termination Clause - for cause and for convenience
12) Indemnification Clause - Manner and basis for settlement
13) Access to records by grantee, Subgrantee and Federal Government; retention of Records for 4 years

15) Remedies for breach of contract

16) Equal Employment Opportunity Clause

17) Clause citing Copeland "Anti-Kickback" Act

18) Clause citing the provisions of the Contract Work Hours and Safety Standards Act

19) Clause specifying the Federal Cost principles applicable to a contractor under a cost-reimbursement contract

20) Mandatory Standards and policies relating to energy efficiency

21) Availability of funds from State.

22) **Termination dates of each program are required per State Contract.**

23) Reference to attachments as part of contract

24) Signatures and date of signing

25) Refer to State Contract for detailed requirements for subcontracts.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Eligibility Criteria **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 500.10 **PROGRAM:** LIHEAP

DISCUSSION: The State of North Dakota will allow the use of eligibility criteria for the LIHEAP weatherization programs in determining the income eligibility of a client.

Prior to the expenditure of any contract funds, the subgrantees will assure that no dwelling unit may be weatherized without documentation that the dwelling unit is an eligible dwelling unit under the following conditions:

The dwelling unit is occupied by a family unit whose income is at or below 60 percent (or the present percentage used by LIHEAP) of the State median income level as determined in accordance with criteria established by the Low Income Home Energy Assistance Program (LIHEAP).

The unit has not been designated for acquisition or clearance by a Federal, State, or local program within 12 months for the date the weatherization of the unit is to be completed.

After a client has been certified as eligible, their income eligibility will remain valid for one year from the date of certification. After one year, if an Energy Audit has not been completed on the unit, the client's income must be recertified in accordance with the procedures for a new applicant. The application must indicate the date of recertification and the name of the agency representative viewing the documentation.

SECTION 500.10 (continued)

LIHEAP referrals will be valid for use in either weatherization program, from the date the referral is received by the CAA to 30 days after the end of the LIHEAP fiscal year in which the referral was received.

The CAA should update LIHEAP client applications by substituting new referrals for any of the same clients as current year referrals are received. If the applicant for weatherization services is a renting, the income of the renter determines the unit's eligibility. Once the renter has been found eligible, it will be necessary to obtain the signature of the Landlord Agreement, before the unit is considered for the weatherization service.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Client Prioritization **DATE:** November 2017

POLICY/GUIDANCE NUMBER: 500.12 **PROGRAM:** LIHEAP

DISCUSSION: The following in the procedure for prioritizing weatherization jobs. In accordance with 10 CFR 440.16, priority must be given in identifying and providing weatherization assistance to households where one or more of the following exist:

1. High energy usage
2. High energy burden
3. Elderly household member(s) (60 years or over)
4. Disabled household member(s)
5. Household member(s) under the age of 18

Households who do not meet at least one of the priority categories may only be served after being on the list for 3 months if there are eligible priority households in the Service Provider's territory on the list..

Within the above listed priority, Service Providers may choose the order in which households are served. Priority systems must be applied equally to both renter and owner-occupied dwellings and applied equitably to all areas of the Service Provider's territory.

Service Providers may choose to consider using the oldest application approval date for positioning applicants with priority points. An application with at least one priority point may be moved up on the list when working in the same area to save travel time.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Reweatherization **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 500.15 **PROGRAM:** LIHEAP

LIHEAP rules permit the reweatherization of any previously weatherized unit, if prevailing standards for weatherization were not achieved at the time the unit was first weatherized or if there has been an advancement in weatherization technology with would, when applied, result in significant energy savings. Documentation describing the prevailing standards not achieved must be included in the file before the reweatherization is started.

To qualify a unit for reweatherization, the occupant must reapply and be determined eligible for assistance. A new energy audit must be completed to determine which measures and materials should be installed on the basis of current standards. None of the measures addressed during the initial weatherization may be addressed during the reweatherization**.**

Applications for reweatherization must be assigned a lower priority than applications for units that have not previously been served.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Documentation of Eligibility **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 500.40 **PROGRAM:** LIHEAP

DISCUSSION: the following items are required to document the eligibility of a client for weatherization assistance:

1. A LIHEAP referral from the DCS or the County Social Services Office for the current program year identifying the client and the client's current address.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Confidentiality **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 500.50 **PROGRAM:** LIHEAP

DISCUSSION: Any and all information regarding clients must be kept confidential. All application and eligibility-determination information is to be protected against indiscriminate access by CAA staff, and is not to be made available for public review. Accessibility to client information is to be limited to pertinent CAA staff, the CAA's auditor, and Division of Community Services staff or their authorized representatives.

Subcontractors are to be provided only the minimum amount of information required regarding the client necessary for provision of the contracted service.

Breach of confidentiality by the CAA may be grounds for suspension and/or termination of funding.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Client Files **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 500.60 **PROGRAM:** LIHEAP

DISCUSSION: It is the policy of the Division of Community Services (DCS) that each Community Action Agency (CAA) shall maintain a client file for every household receiving weatherization services. A client file must contain, at a minimum, the following:

- A completed application
- Documentation of eligibility
- Computerized energy audit printout which must be signed and dated by the energy auditor.
- Documentation which substantiates the dates of the eligibility determination, audit, start and end of work and the date of the final inspection
- Pre and post blower door test results and all appropriate pressure diagnostics tests.
- A work order which clearly details the weatherization work to be completed
- All appropriate tests on ND States Heating System, Clean, Tune and Inspection Form must be completed and filled out in its entirety by a qualified technician
- Documentation of all subcontracted for weatherization services to include:
  - How the subcontractor was procured
  - Documentation of how the cost of any weatherization services procured from a subcontractor was allocated between materials and program support. The actual cost of materials or equipment installed by the contractor may be charged as materials expenditures. Contracted labor or any cost charges beyond the value of materials installed must be charged to program support/labor budget category under the contractual line item.
- The contractors invoice must itemize material and labor charges.

- For rental property, a rental agreement signed by the landlord, tenant and authorized CAA representative. The agreement should contain all the provisions required by Section 700.20.

- Historic Preservation documentation

- Lead Safe and RRP documentation

- Energy consumption data for one year prior to weatherization

- Final inspection form which must be signed and dated by the inspector and the client

- Furnace test inspection forms

- Documentation of all materials applied, whether these materials were taken from inventory or purchased specifically for the unit. Documentation should consist of a warehouse slip or purchase orders, specifically indicating the type and amount of material applied; the cost per unit and the total cost of materials applied. Warehouse or purchase orders must account for any unused materials returned to the warehouse or vendor.

- Documentation of existing health and safety problems; to include pictures and a narrative. Documentation for the following is waived:
    - CO and Smoke alarms
    - Dryer vents and ducting
    - Exhaust fan vent kits

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Weatherization "Deferral of Services" Policy **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 500.70 **PROGRAM:** LIHEAP

DISCUSSION: Each subgrantee must have a "deferral of services" policy which will protect the health and safety of crew members and contractors**.** Occasionally, there are situations in which an agency should not or may choose not to weatherize an otherwise eligible unit. In those instances subgrantee's must at a minimum follow the procedures below.

Procedure

If an agency cannot or chooses not to weatherize a dwelling unit it must notify the client and owner/authorized agent in writing and include the following items:

1. The nature and extent of the problem(s) and how the problem(s) relate to the determination to not weatherize the unit;

2. Any corrective action required before weatherization services can be initiated;

3. A time limit for correcting problems so that weatherization services may be rescheduled or re-prioritized;

4. The right of appeal;

5. All correspondence justifying the decision to "defer services" must be kept in the client file.

The following is a list of some of the more common conditions and situations an agency may encounter while delivering weatherization services in which a deferral of services policy may need to be utilized. This list is not intended to be all inclusive of those instances in which an agency may choose not to weatherize a unit. In all instances the client must be notified in writing outlining the reasons the agency is withholding weatherization services and describing the corrective actions which must be taken to allow program services to proceed.

Withholding of Weatherization Services

An Agency may not weatherize a unit under the following conditions:

- A dwelling unit is vacant.
- A dwelling unit is for sale.
- A dwelling unit is scheduled for demolition.
- A dwelling unit is found to have serious structural problems that would make weatherization impossible or impractical. (i.e., rehabilitation required).
- A dwelling unit is deemed by the auditor to pose a threat to the health or safety of the crew or subcontractor.
- A mobile home is improperly installed (i.e., inadequate supports).
- A dwelling unit is uninhabitable (i.e., such as a burned out apartment).
- The client is uncooperative with the weatherization agency, either in demanding that certain work be done and refusing higher priority work which is needed, or by being abusive to the work crew or subcontractor, or by being unreasonable in allowing access to the unit, every attempt should be made to explain the program and the benefits of the work. If this fails, work should be suspended and the State Weatherization Office consulted.
- Obvious discrepancies are found between the information supplied by the client on the application and observed conditions at the time of weatherization. The agency must resolve these discrepancies before weatherization work can continue.
- If, at any time prior to the beginning or work (materials installed in a unit), the agency determines that the client is no longer eligible or agency personal believe that circumstances may have changed, the unit shall not be weatherized until updated information can be obtained from the client.

Deferring Weatherization Services

An Agency may choose to defer weatherization services to an eligible unit under the following circumstances:

- There are rats, bats, roaches, reptiles, insects, animals or other vermin that are inappropriately or not properly contained on the premises.
- There is health or safety hazards that must be corrected before weatherization services may begin (e.g, including the existence of animal feces and/or other excrement).
- There are illegal drugs or illegal activities occurring on the premises.
- The client or owner is physically or verbally abusive.
- The dwelling unit or parts thereof are being remodeled and weatherization work is not coordinated with a housing rehabilitation program.
- The eligible household moves from the dwelling unit where weatherization activities and services are in progress. The agency must determine whether to complete the dwelling unit and the circumstances must be documented in the client file.
- There are unusual situations, which in the judgment or the auditor, must be corrected before proceeding with weatherization.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Weatherization Computerized Energy Audit

DATE: June, 2013

POLICY/GUIDANCE NUMBER: 600.10

PROGRAM: LIHEAP

DISCUSSION: North Dakota's weatherization program emphasizes cost effectiveness in selecting measures to reduce general heat waste, conductive heat loss and mechanical systems inefficiencies. Each weatherization measure to be installed should have a savings to investment ratio (SIR) as quoted in that year's State Plan.

General heat waste and air infiltration are addressed in every weatherized dwelling and need not have an associated SIR. Blower door tests will also be conducted on each weatherized home, unless weather conditions, such as extreme cold or high wind preclude safe and accurate testing. The blower door tests will be conducted by weatherization crews using the "North Dakota's Standard Blower Door Procedures." (See Appendix H). In April of 2012, the WXEOR audit program was combined with the state's WxPro reporting system and will now be referred to as the WxPro audit.

Conductive, electric baseload, and mechanical measures are prioritized using the "WxPro" computerized audit package. The WxPro audit is an integrated estimation program which prioritizes weatherization materials to be installed on either site built or mobile homes based on the calculated cost effectiveness (discounted SIR > 1) of those materials when installed on that specific unit. The State of North Dakota has submitted the WxPro Audit Program to the DOE Support Office for approval as a waiver audit.

The equation utilized to calculate the savings to investment ratio for a measure is:

(1 x ((1-discount rate) #years)) x ((HDD x 16 x (Unit Price x Esc. Rate)) (BTUs x AFUE) x (Area x Delta U) x Buffer

Where:

Discount Rate = 3% per year

years = Number of years for measure to payback

2DD = Heating degree days for specific Region of the State

16 = Correction factor to allow for internal heat gain from occupants, solar, etc.

Unit Price = Cost per unit of heating fuel

Esc. Rate = Fuel cost escalation rate as provided in National Audit (NEAT).

BTUs = 100% efficient BTU content of fuel

AFUE = Annual fuel utilization efficiency

Area = Net area affected by measure in square feet

Delta U = (1/Pre R-Value)-(1/Post R-Value)

Buffer = Buffer correction factor to account for differences in exposure as provided by ASHRAE

The equation yields a dollar amount saved during the first year after each measure is installed. The first year savings is then discounted at a rate of 3% per year over the life of the measure to yield the total savings to be realized for that measure. The amount saved is further adjusted through the application of a fuel escalation cost factor applied over the life of the measure to account future price increases in the cost of the heating fuel use by that particular unit.

Once the adjusted savings is calculated, the savings to investment ratio is then generated by dividing the adjusted savings by the cost of materials and labor to install the measure. WxPro figures labor on a square foot installed cost and adds this to the material cost for purposes of this calculation). Each subgrantee is allowed the flexibility to input their own agency costs for materials and labor and heating degree days so that the calculations are customized to their specific agency.

After the savings to investment ratio is calculated for each measure they are then ranked in order by WxPro (highest SIR to lowest SIR). The Weatherization crews will install measures based on their ranking (prioritization) and may only deviate from the ranking with prior approval of the State Weatherization Program Manager.

The WxPro program also accounts for the interaction of mechanical and conductive weatherization measures and is able to produce a SIR on a heating system replacement or retrofit. The SIR for mechanical measures can be calculated with or without conductive heat loss measures installed and estimate future heating costs when historical fuel usage data is supplied. A sample of the audit/work order is supplied in Appendix I.

In addition to the calculation of the SIR, the WxPro program also generates the number of BTUs saved per heating degree day for use in future evaluations of the Weatherization Program.

The equation utilized to calculate the savings to investment ratio for a refrigerator replacement is:

(((((KWH Per Year of existing model * (1 + ((Average Ambient Temperature – Present Ambient Temperature) * 0.025))) - (KWH Per Year of new model * (1 + ((Average Ambient Temperature - 70) * 0.025)))) * (Cost Per KWH*Esc.Rate)) * (Lifetime*Discount Rate)) / Total Cost

The equation utilized to calculate the savings to investment ratio for lighting replacement is:

(((Existing Watts- Replacement Watts)*Qty of Bulbs* Hrs on per day*365/1000*(Cost per KWH*Esc.Rate)))*(Lifetime*Discount Rate)/Total Cost

The replacement of furnaces in conventional homes will be permitted based upon a determination that 1) the existing furnace will not last at least five years, 2) that the existing system cannot be retrofitted for $500 or less, and 3) the SIR for the replacement system and associated costs is one or greater. The documentation to support furnace replacement must include fuel consumption records for the prior year, existing furnace efficiency test results (if the system is operable) and an analysis of the potential savings and payback associated with the replacement.

a. North Dakota law requires landlords to maintain operable heating equipment in rental housing. However, the state has not set standards for the operating efficiency of furnaces in rental housing. LIHEAP weatherization funds cannot be used to repair or replace inoperable furnaces in rental housing. Weatherization funds may, however, be used to upgrade the efficiency of heating systems in rental property by retrofitting existing equipment. The agency will pay no more than $100 for repair costs.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Maximum Expenditures for Materials **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 600.20 **PROGRAM:** LIHEAP

DISCUSSION: When providing weatherization services under an DCS Weatherization grant, average expenditures per unit may not exceed the average stated in the State Plan and current contract. Materials expenditures under any one program, including furnace replacement, are limited to $8,000 per unit, without prior approval by the DCS**.**

Materials expenditures under The LIHEAP Weatherization, Emergency Furnace Repair and Replacement, and Cooling programs weatherization are restricted to approved weatherization materials, as defined in 10 CFR 440, Appendix A, and repair materials necessary for protecting and enhancing the effectiveness of energy conservation measures. In addition to the materials standards listed in Appendix A, Expenditures for materials must comply with the service priorities established by the State approved computerized audit or they will be disallowed.

Request for Waiver of Materials Limit

Weatherization Program Administrator
Division of Community Services
1600 East Century Avenue
PO Box 2057
Bismarck, ND 58503

RE:Waiver Request to Exceed $8,000 Material Limit

Dear (Program Administrator):

We request approval to exceed the limit(s) indicated above for the following client:

Client Name		Job Number
Program		House Sample Type
Our audit indicates the following expenditures are needed in order to effectively weatherize this unit		
Cost Per Priority Measure		Comments
1.	8.	
2.	9.	
3.	10.	
4.	11.	
5.	12.	
6.	13.	
7.	14.	
If you have any questions regarding this matter, please contact _____. Sincerely, (Name) (Title)		
Signature of Approval DCS		Date

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Heating System Replacement/ Repair Standards

DATE: June, 2013

POLICY/GUIDANCE NUMBER: 600.50

PROGRAM: LIHEAP

DISCUSSION:

Introduction

Under the Low Income Home Energy Assistance Program Emergency Heating & Cooling Program, Weatherization Sub-grantees are able to repair or replace heating systems and/or water heaters in the case of an emergency. An emergency is defined as:

> The repair or replacement, whichever is appropriate and cost effective, of a defective, inoperable, or unsafe heating system or water heater or a severely inefficient heating system or water heater for an eligible depending on the availability of funds, weatherization or other resources, expected payback, and other related factors. The heating system includes chimney, air ducts, burners, tanks, pipes and all other components necessary to produce heat safely and efficiently. This threat may take the form of, but is not limited to:
>
> > No heat in the home during sub-freezing temperatures
> >
> > A cracked heat exchanger which results in the emission of high carbon monoxide levels in the living area
> >
> > An improperly vented heating system which results in the emission of high carbon monoxide levels in the living area
>
> While it has always been the goal of the North Dakota Weatherization Program to provide assistance in a manner which will treat eligible clients living in rental housing equally with clients who are homeowners, the DCS recognizes that North Dakota law requires landlords to maintain heating equipment in a safe and operable manner. Therefore, when repairing heating systems which are inoperable or create a health and/or safety hazard when operated agencies are limited to a maximum expenditure of $100. Weatherization funds may, however, be used to upgrade the efficiency of heating systems in rental property by retrofitting existing equipment. The agency will pay no more than $100 for repair costs. There will be no replacements in rental properties.

Heating System Repair/Retrofits

Under the LIHEAP Furnace Replacement and Repair Program only client's currently receiving LIHEAP assistance are eligible to receive assistance under the Emergency Heating & Cooling Program and only when the end result will eliminate the immediate threat to their health and safety. Cleaning and tuning of the heating system will be available to all Weatherization clients (renters and owners) and will be done in conjunction with other low income energy conservation programs or unless authorized and paid for separately by the County Social Services offices.

When repairing a furnace the following guidelines must be followed:

1. The cost effective repair of a heating system is always the first option before its' replacement. Heating systems, other than boiler systems, which cost over $800.00 to repair are not considered cost effective to repair and may be replaced with a new system. Where a Subgrantee has reason to believe that furnace repairs exceeding $800 will be cost effective, they should proceed with the repair and document their rational for the repair.

2. Subgrantees utilizing a contractor to perform repairs must be able to document that the repairs are necessary and the costs associated with the repairs are reasonable for the materials and services provided.

3. Emergency Repairs: Following notification by either a LIHEAP client or the County Social Services Agency that a heating system is either not functional or is posing a threat to the health and/or safety of the client the Community Action Agencies will take the following steps to address the problem.

   a. The CAA Weatherization or a qualified furnace technician will be contacted and instructed to visit the unit and diagnose the problem. The heating system will be repaired at that time if possible.

   b. If the heating system can be repaired but it cannot be done immediately, the furnace technician will evaluate the client's situation for the purpose of determining if:

      (1) The client can safely remain in the home by supplying an alternative source of heat (portable electric space heaters) or needs to be relocated for a short time.

      (2) If the technician believes the client cannot safely remain in the home, they will be advised to make arrangements to stay with family or friends until the unit can be occupied again.

      (3) If the client cannot make arrangements to stay in another location until the problem is solved, the subgrantee may use furnace repair and replacement funds to provide temporary shelter until other arrangements can be made.

Documentation supporting the needed repairs must be kept in the client file.

Furnace Repairs

Gas and Oil Heating Systems

All furnaces shall be cleaned and tuned as part of the Weatherization process. Furnace repairs may be completed when called for by Furnace Technician based on his inspection and furnace testing results. Clear, detailed instructions shall be provided to a heating system serviceman if one is called. All duct work which in unconditioned spaces must be sealed and insulated. Duct work in conditioned space with an excessive amount of air leakage must be sealed where possible. Follow the requirements in the North Dakota Weatherization Program Field Standards.

Electric Heating Systems

Faulty thermostats on electric furnaces, causing energy to be wasted, shall be repaired or replaced. Improperly functioning or damaged sequencers or one with broken elements shall be replaced. Fan motors drawing improper amperage shall be repaired or replaced and all duct work possible is to be sealed and wrapped. Improperly functioning baseboard heaters may be addressed.

Except for the adjustment of fan speed, electric furnaces and electric baseboard heaters cannot be tuned up in the general sense and, therefore, only fan speed adjustment will be allowed as a cost to homes with this type of heat. Subgrantees are encouraged to clean the furnace fan and replace furnace filters when necessary.

An existing efficiency of 100 percent shall be used when the electrical furnace is functioning properly. When repairing an electrical furnace, the estimated efficiency for calculations purposes shall not be shown as less than 95 percent. When replacing an electrical furnace, the estimated efficiency for calculations purposes shall not be shown as less than 90 percent, except when:

1. The actual fuel consumption is higher than what the estimated heating units are, on the computerized heat loss program.

Heating System Replacement

Assistance under the LIHEAP Emergency Furnace Repair and Replacement Program may be provided only to eligible occupants currently receiving LIHEAP assistance and only when the end result of the assistance will be either a substantial increase in operating efficiency of the heating system (savings to investment ratio of 1:1.5 or greater) or to protect the health and/or safety of the client.

The replacement of an existing heating system may be done only upon meeting one or more of the following requirements:

If the heating system cannot be repaired or the heating system has been declared unsafe or inoperable by the Subgrantee and/or a licensed heating contractor or by the utility company servicing the client or it is determined that the replacement will increase efficiency by meeting the SIR requirements; the client will be notified of the situation and the cost share requirements of the replacement program. The furnace technician will follow the same procedure as listed under furnace repair (3 b) to determine what immediate action should be taken. Once the immediate circumstance has been stabilized, the CAA will immediately begin seeking bids on the replacement furnace.

In any instance, when replacing a heating system or water heating system the Subgrantee must:

a. Where possible, obtain at least two written price quotes for the heating system or water heating system to be replaced. Each quote is to contain, at a minimum the information required on the State furnace bid form (attached). Subgrantees unable to get two bids must document their efforts to solicit bids to the file. In cases of extreme emergency, the requirement for two bids will be waived.

b. Seal and insulate all ductwork in unconditioned space.

c. Not change the fuel type of the furnace unless they can document that it will be substantially more cost effective for the client or that it will alleviate Health and Safety problems.

d. Size the new furnace to fit the home.

At no time will a Subgrantee be allowed to use Emergency LIHEAP funding to install a heating system as part of new construction, install a heating system where the client has knowingly purchased a home that doesn't not have a heating system, or install a heating system where the client purchases a home in which they know that the existing system does not function properly.

Wood and Coal Stoves and Coal Furnaces

LIHEAP Furnace Repair and Replacement funds may be used to replace wood and coal stoves and coal furnaces only upon documenting that the existing unit poses a threat to the health and safety of the client. As part of the replacement each Subgrantee must insure that the following criteria are followed:

1. Ensure wood stove installations; maintenance and inspection are performed by qualified personnel.

2. Ensure that only wood stoves which are certified and labeled by the National Fire Protection Association under 86M-1986 and 211-1984, the International Conference of Building Officials, or other equivalent listing organization may be purchased with LIHEAP funds and that electrical parts are certified and labeled by Underwriters Laboratory.

3. Ensure that only a wood stove certified and labeled for mobile homes may be installed in a mobile home.

4. Ensure that before a wood stove is installed or replaced, that the local code officials have been notified, all applicable permits are obtained and that all work receives approval from subsequent inspection by the proper authorities.

Replacing defective air conditioning coils at the time of furnace replacement

Replacement of air conditioning coils that are deemed defective by the furnace technician or contractor will be allowed on a case by case basis. This must be included in the bid specifications and state approval must be obtained before proceeding with the replacement. Documentation must be included in the file detailing the situation and must include the state approval email.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: LIHEAP Clean and Tune Referrals **DATE:** April 2019

POLICY/GUIDANCE NUMBER: 600.51 **PROGRAM:** LIHEAP

DISCUSSION: Procedure for doing LIHEAP Clean and Tune Referrals shall be as follows:

An assessment of the heating system will be done before starting the clean and tune. If it is determined that the furnace will need to be replaced or repaired, no further work will be done at that time. The appropriate actions will be taken to secure a vendor to do the replacement or repairs.
If it is determined that a clean and tune will be done, the work may proceed. All required diagnostic testing including the worst case spillage test must be completed when finished with the clean and tune and appropriate forms must be in the client file.
If the clean and tune is being performed on a home that will be weatherized, the costs associated with the clean and tune should be charged to the weatherization job under General Heat Waste.
If the clean and tune is being done on a home that will not be a weatherization job, the the costs associated with the clean and tune should be charged to the LIHEAP Emergency Furnace Repair/Replacement/Cooling program.

As of 4/10/2019 there will be no invoicing the County Social Services for any costs associated with the Clean and Tune Referrals.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Materials Standards **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 600.55 **PROGRAM:** LIHEAP

DISCUSSION: All materials installed in units served under the LIHEAP Weatherization program shall meet or exceed the quality standards set forth in Appendix A of 10 CFR 440. The Community Action Agency (CAA) is responsible for assuring compliance with these quality standards; the CAA is liable for the removal and replacement of inferior quality materials installed by the CAA or its subcontractor at no additional cost to the grant program.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Final Inspection **DATE:** January 2018

POLICY/GUIDANCE NUMBER: 600.60 **PROGRAM:** DOE

Weatherized units may be reported to the Division of Community Services (DCS) as complete only after the subgrantee has performed the final inspection process.

This final inspection process must certify that all weatherization measures prescribed by the audit were installed, audit input was correct, all mechanical and diagnostic tests as prescribed by the current ND Policy and Procedures Manual and ND Standard Work Specifications and Field Guide were performed and that all work has been completed in a workmanlike manner. If the work is not satisfactory, return to the work site and correct the measures required before the unit can be considered complete. The file must have documentation of the concerns and the corrected measures.

This final inspection must meet the following requirements:

1. Qualifying final inspection process and personnel:

a. All weatherized units must be inspected by a certified Quality Control Inspector before being reported as complete. Documentation must be kept at the agency of the certified Quality Control Inspectors used by that agency. This documentation will include a copy of the QCI identification card issued by the Building Performance Institute.

b. The Quality Control Inspector may do the initial audit and assessment and the final inspection.

c. The Quality Control Inspector may work on the job and do the final inspection on up to two thirds of the jobs completed with the grant funds. At least one third of the jobs must be inspected by a Quality Control Inspector that did not work on the job.

d. The Quality Control Inspector must document the materials installed and confirm that they were installed in a professional manner in accordance with the North Dakota Standard Work Specifications and Field Guide. These final inspections must ensure that all the measures for this home were addressed during the audit process and no tasks were overlooked. The final inspection form must be signed and dated by both the client and the Quality Control Inspector inspecting the job on behalf of the sub-grantee.

e. The Sub-grantee will designate in the budget and production plan how they will meet the QCI requirement. This will determine how many units will need to be monitored by the state.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Monitoring by the State **DATE:** June 2020

POLICY/GUIDANCE NUMBER: 600.61 **PROGRAM:** LIHEAP

General Procedure

Periodically the DCS WAP Administrator or a representative will conduct monitoring visits to subgrantees. The effectiveness, safety, workmanship, overall appearance, and compliance with the ND Standard Work Specifications and Field Guide will be evaluated during the monitoring visit. Dwelling units inspected will be selected from a list of clients that will allow a comprehensive sample. Inspection visits may focus on issues identified in previous inspection reports to ensure that problems have been corrected. Recommended actions may be given to sub-grantee based on observations during these visits and such guidance will be noted on a report provided to the sub-grantee. If a measure or repair installed under WAP is not in compliance, the expenditures for that measure will not be allowed.
Deficiencies noted during the State monitoring that result in findings or repeated concerns may be considered justification for requiring that the sub-grantee re-inspect. Deficiencies may also result that the State require an inspection plan to be different than the previously approved sub-grantee inspection plan.
The State will monitor a minimum of 5% of jobs completed by the sub-grantee.
The philosophy of the state regarding the monitoring visits are to use the opportunity to ensure compliance with program requirements and to conduct any training and technical assistance (T/TA) that may be needed, as indicated by findings or concerns. This applies to both the file monitoring and field monitoring. It is recommended that any staff that may benefit from the training and technical assistance given during the monitoring visit be available during the visit. Any T/TA given during the visit and any new required training will be discussed with the Executive Director during the exit interview.

Exit Interview

After the monitoring visit the DCS staff will review the results of the monitoring. Within five days of the monitoring, an exit interview will be scheduled with the Executive Director to discuss the results of the monitoring and any actions that will be taken because of the monitoring. The exit interview will be followed by the written monitoring report that will be sent to the Executive Director and Board Chair.

DCS WAP Evaluation System

Findings

The following criteria will constitute a Finding:
The health and safety of clients, subgrantee staff, and subgrantee subcontractors, or the integrity of the building structure is threatened by work completed with WAP funds.
A health or safety problem is created by, exacerbated by, or not corrected by the delivery of WAP services.
The omission of a required measure, as determined by approved audit software or a required procedure that addresses health and safety concerns.
Poor quality work that significantly affects the performance of measures or repairs.
Expenditure of WAP funds on measures that are not approved under WAP or required for health or safety reasons.
Major expenditure of funds on measures that do not yield an acceptable Savings-to-Investment Ratio as defined in these standards.
Any action or lack of action that may result in a liability that threatens DCS financial award.
Any other violation of 10 CFR 440, 2 CFR 200, Appendix A, DOE Program Notices and Memorandums, the current ND DOE Policies and Procedures, Weatherization Technical Bulletins, the award contract, and the current ND DOE State Plan.
Concerns that were repeated from prior monitoring.
Waste, fraud, and abuse.

Concerns

The following criteria will constitute a Concern:
All areas of noncompliance with the current ND Standard Work Specifications and Field Guides.
Inadequate documentation of work completed or not completed in the file.
Inaccurate coding of materials or labor in the file.
Failure to have required agency documents and plans as listed on the Administrative Review sheet.

Recommendations

Policies, materials, techniques, and any other suggestions that would improve the program. This may include recommendations for training.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Inspection Reports, Probation, High Risk Status **DATE:** January 2018

POLICY/GUIDANCE NUMBER: 600.62 **PROGRAM:** LIHEAP

An Inspection Review Report that contains Findings:
Requires a response from the subgrantee receiving the finding within thirty days from the date of the monitoring letter.
Requires corrective action be taken. Non-federal funds will be required to be used for any corrections if the job is completed.
May result in disallowed costs.
May result in an increased inspection/monitoring rate depending on the severity of the finding.
May result in the requirement of additional training for the subgrantee personnel.

An Inspection Review Report that contains Concerns:
Do not require a response unless specifically stated on an inspection visit report.
May require corrective action be taken if relating to major energy savings measures, documentation requirements, or health and safety measures are found.
May be reclassified as a Finding if repeated, that is, if similar Findings are found on two or more consecutive inspection visits.
May result in the requirement of additional training for the subgrantee personnel. When training or technical assistance (T/TA) is indicated as a need in the Inspection Review Report, the state will work with the subgrantee to establish a mechanism and timeline for such training. This process to establish the mechanism and timeline for training should be done within the 30 days that the subgrantee has to respond to the Inspection Review Report. This would allow the subgrantee to address the required training and technical assistance in the response. The actual T/TA may be in the form of the state training at the subgrantee agency, a statewide training held to address findings at more than one agency, or training at an out-of-state Weatherization Training Center. Other options may be used as needed.

Findings and concerns may result in action taken against the certification of the Quality Control Inspector that signed off on the job. Repeated findings or concerns will result in the state requiring a change in the plan on how the subgrantee will do inspections.

Appeals Process for Inspection Reports
A subgrantee representative may appeal the findings of the Inspection Review Report to the WAP Program Manager. This appeal should be sent in writing within fifteen working days of receipt of the inspection report. A subgrantee that does not agree with the initial outcome of the Inspection Review Report appeal, may submit a subsequent appeal to the Director of the Division of Community Services and from there to the Commissioner of the Department of Commerce.

Probation

The following scenarios may result in a subgrantee being placed on probation:

Multiple serious findings in one monitoring.
Repeated findings from previous monitoring.
Failure to address corrections required by previous monitoring reports.
Inefficient program operations resulting in low production and low number of clients served.
The average cost per unit specified in the grant contract is exceeded.
Repeated failure to provide timely and accurate reports.
Any other violation of the grant contract and award documents.

Probationary status will include increased monitoring and oversight by DCS. The subgrantee will be consulted when setting up a schedule for the increased monitoring and oversight. DCS will communicate the expectations for measuring improvement to the subgrantee. A plan will be required to address the cause or causes of the probationary status. DCS will work with the subgrantee to develop a schedule for plan implementation and will provide recommendations for improvement.

High Risk Status

Lack of progress during the probationary period will result in the recommendation for High Risk Status for the subgrantee receiving the finding(s). This includes not following the schedule agreed upon during the probationary period. It also includes not following recommendations made to the subgrantee to improve performance. This would result in notifying the funding source of the status. If a subgrantee is placed on high-risk status, special conditions will be placed upon the subgrantee financial assistance award until compliance with WAP Standards is met.

A grant administrator receiving three findings that cause project/project expenditure(s) to be ineligible may no longer be allowed to administer DOE Weatherization grants.
A grant administrator receiving three or more findings where serious Health and Safety issues could affect the client's well-being will no longer be allowed to administer DOE Weatherization grants.
For a period of any three consecutive years, a grant administrator receiving three or more of the same findings will no longer be allowed to administer DOE Weatherization grants.

Continued findings and\or lack of progress high risk status may result in termination of DCS Weatherization Financial Assistance Award to the subgrantee.

Violation of the grant contracts and award documents may also cause changes in financial reimbursement or withholding of funds until in compliance.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Reporting Re-weatherization **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 600.80 **PROGRAM:** LIHEAP

DISCUSSION: Community Action Agencies may only re-weatherize units which will realize a substantial energy savings because of a change or advancement in the technology for delivering Weatherization services. Re-weatherized units are to be reported to Division of Community Services (DCS) as completions; however they must reported separately on the monthly report.

Re-weatherized units will be counted in determining the average cost of materials and the average cost per unit weatherized under the terms of the Financial Award. These units will also count towards annual production goals.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Equal Service Provision **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 700.10 **PROGRAM:** LIHEAP

DISCUSSION: Except for the State's Weatherization Prioritization Policy, the Community Action Agency (CAA) shall provide Weatherization services in a manner which treats clients in rental living situations equally with clients who are homeowners. Any CAA failing to treat rental and home owning clients equally is in violation of regulations and may be subject to punitive action to include probation, suspension or termination of funding.

An exception to this policy will be made in the case where North Dakota law stipulates certain landlord responsibilities (i.e. safe and adequate heating system, smoke alarms, etc.)

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Landlord Obligations

DATE: November 2017

POLICY/GUIDANCE NUMBER: 700.20

PROGRAM: LIHEAP

Discussion: Under North Dakota law, landlords have obligations to the renter and rental units.

1) The obligations include the following:

   a) Comply with the requirements of building and housing codes relating to health and safety.
   b) Arrange for or make all repairs and do whatever is necessary to put and keep the premises in a fit and habitable condition.
   c) The tenant must give the landlord reasonable notice and a reasonable amount of time in which to make repairs.
   d) The definition of reasonable very often depends on the needed repair.

   e) Keep all common areas in a clean and safe condition.

   f) Maintain in good, safe working order and condition all electrical, plumbing, sanitary, heating, ventilating, air-conditioning systems, other facilities, and appliances, including elevators, supplied or required to be supplied by the landlord.

   g) Provide and maintain appropriate receptacles and conveniences for the removal of ashes, garbage, rubbish, and other waste incidental to the occupancy of the dwelling unit and arrange for their removal.

Subgrantees must assure that a landlord has met his/her obligation under North Dakota law before weatherizing rental property which they own.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Undue Enhancement **DATE:** November 2017

POLICY/GUIDANCE NUMBER: 700.21 **PROGRAM:** LIHEAP

Discussion: Undue or Excessive Enhancement of Rental Property

Subgrantees are directed to avoid undue or excessive enhancement or rental property value because of weatherization. One specific application of this policy is to limit expenditures for furnace or boiler repair in rental property. As stated above, landlords are responsible for maintaining safe, operable heating systems in rental units. Therefore, when repairing heating systems which are inoperable or create a health and/or safety hazard when operated agencies are limited to a maximum expenditure of $100. Weatherization funds may, however, be used to upgrade the efficiency of heating systems in rental property by retrofitting existing equipment. The agency will pay no more than $100 for repair costs.

If the weatherization work causes a heating system or water heater to not work properly, repair or replacement would be allowed. Testing must be done up front to determine the equipment is working properly before starting weatherization work.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Rental Agreement **DATE:** November 2017

POLICY/GUIDANCE NUMBER: 700.22 **PROGRAM:** LIHEAP

Discussion: North Dakota Weatherization Assistance Program Rental Agreement

Before a rental unit can be weatherized, the landlord and the eligible tenant must agree to and sign the North Dakota Weatherization Assistance Program Rental Agreement (Attachment A) for each unit to be weatherized.

At the time the agreement is executed, subgrantees must inform the eligible tenant that in the event the landlord violates the weatherization agreement, they should notify the subgrantees office so the appropriate action can be taken against the landlord.

NORTH DAKOTA
WEATHERIZATION ASSISTANCE PROGRAM RENTAL AGREEMENT

This ***AGREEMENT*** is made on_____(month),_____(day),_____(year) between:

_____ (hereinafter ***LANDLORD***)
_____ (hereinafter ***TENANT***)
_____ (hereinafter ***AGENCY***)

The parties listed above in this Rental Property Agreement ("THE ***AGREEMENT***") for good and valuable consideration agree that the weatherization improvements are subject to the following conditions.

1. The ***LANDLORD*** and ***TENANT*** consent and agree that weatherization improvements/services shall be done by the ***AGENCY*** to the property located at_____. (hereinafter PREMISES).

2. The ***LANDLORD*** and ***TENANT*** will permit employees of the Agency or its representatives to enter upon the PREMISES as required to perform weatherization work and the inspection of the weatherization work upon its completion.

3. The ***AGENCY*** agrees to provide weatherization services/improvements, subject to material limitations defined by federal regulations (10 CFR 440), North Dakota Weatherization Program requirements and limitations, and the professional discretion of the Community Action Weatherization Coordinator, to the property of the ***LANDLORD*** that is occupied by the ***TENANT***.

4. In consideration of the weatherization services/improvements provided by the ***AGENCY***, the ***LANDLORD*** agrees to the following:

a. Financial Participation

The landlord agrees to participate financially in the completion of weatherization services by: _____
_____
_____

b. Other Agreements

The terms of this Agreement will be incorporated into any other Agreement between the ***LANDLORD*** and ***TENANT***, and if there is any conflict between this Agreement and the provisions of such other Agreement, the provisions of this Agreement shall govern.

c. Rent Increases

By entering into this Agreement, the ***LANDLORD*** and his or her heirs or assigns agrees not to increase the rent for the PREMISES above the current monthly rent ($_____) because of the weatherization work for a period of twelve (12) months from the date of the completion of weatherization improvements.

d. Repairs

The ***LANDLORD*** agrees to make the repairs/improvements to the PREMISES, specified on Attachment A before weatherization improvements/services are provided by the ***AGENCY***.

e. Termination of Tenancy

The ***LANDLORD*** agrees that for the term of this Agreement there shall be no termination of ***TENANT***'s tenancy except for one of the following reasons:

1) The ***TENANT*** fails to pay rent to which the ***LANDLORD*** is legallyentitled.

2) The ***TENANT*** is causing substantial damage to the PREMISES, causing or permitting a nuisance to exist, or is interfering with the safety or comfort of the occupants of the same or adjoining PREMISES.

3) The ***TENANT*** has been convicted of using the PREMISES to commit a felony.

4) The ***TENANT*** has violated a covenant of tenancy or lease.

5) The ***TENANT*** has refused the ***LANDLORD*** reasonable access to make inspection or repairs.

5. The ***LANDLORD*** agrees to make a reasonable effort to lease the unit to a low income person(s) (as defined by 10 CFR 440.22 (a)(1)) in the event that the ***TENANT*** terminates tenancy prior to the expiration of this Agreement.

6. The ***LANDLORD*** agrees that in the event of the sale of the PREMISES prior to the expiration date of this Agreement, the ***LANDLORD*** will comply with one of the following conditions:

a. Reimburse the ***AGENCY*** for the cost of weatherization materials installed by the ***AGENCY*** as of the date of sale.

b. Transfer the ***LANDLORD*** obligations under this Agreement to the purchaser of the PREMISES as part of the sale.

7. Failure on the part of the ***LANDLORD*** to follow the terms of this agreement will result in the cost of weatherization materials installed to be reimbursed by the ***LANDLORD*** to the ***AGENCY***. Should the breach result from an increase in the rental rate, the ***TENANT*** shall be entitled to recover all monetary amounts in excess of the rental amount contained in this agreement.

8. This Agreement shall begin on_____(month),_____(day),_____(year) and expire twelve months from the date the weatherization improvements/services are completed. (The completion date is defined as the date on which the final inspection was completed by the ***AGENCY.*** That date will be recorded in the weatherization file, and the ***AGENCY*** will inform all parties to this agreement of the completion date).

LANDLORD	DATE	ADDRESS
TENANT	DATE	ADDRESS
AUTHORIZED AGENT OF AGENCY	DATE	ADDRESS

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Multi-Family Rental Housing **DATE:** November 2017

POLICY/GUIDANCE NUMBER: 700.23 **PROGRAM:** LIHEAP

Discussion: Multi-family Rental Housing

It is a goal of the North Dakota Weatherization Program to provide assistance in a manner that treats persons eligible for weatherization services living in rental housing equally with persons who are homeowners. However, because the unit to be weatherized is owned by a person who may not be eligible to receive program benefits, sub-grantees must comply with the following before the weatherization process is completed:

1) The sub-grantee has obtained the written permission of the owner or his agent to weatherize the property.
2) If 100% of the dwelling units in the building are LIHEAP eligible dwelling units:
   a) The entire building must be weatherized.
   b) All units weatherized will be counted as completions.
3) If less than 100 percent of the dwelling units in the building are eligible the dwelling will be ineligible for weatherization services.
4) The sub-grantee has established procedures for dwellings which consist of a rental unit or rental units to ensure that:
   a) The benefits of weatherization assistance in connection with such rental units, including units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units;
   b) For a reasonable period of time after weatherization work has been completed on a dwelling containing a unit occupied by an eligible household, the tenants in that unit (including households paying for their energy through their rent) will not be subjected to rent increases unless those increases are demonstrably related to matters other than the weatherization work performed;
   c) Procedures must be established by the Sub-grantee by which tenants may file complaints, and owners, in response to such complaints, shall demonstrate that the rent increase concerned is related to matters other than the weatherization work performed;
      i) No undue or excessive enhancement shall occur to the value of the dwelling units. One specific application of this policy is to limit expenditures for furnace or boiler replacements for Health and Safety reasons in rental property. As stated above, landlords are responsible for maintaining safe, operable heating systems in rental units.
   d) Weatherization funds may, however, be used to upgrade the efficiency of heating systems in rental property by retrofitting or replacing existing equipment that meets the SIR requirement. The agency will pay no more than $100 for repair costs.

5) The North Dakota Weatherization staff has made it a policy to require that each multifamily project that is to be weatherized have at least one major task performed.
   a) Once we determine there is a major task needed on a project, and the project is deemed eligible, the following steps are taken.
      i) A state weatherization staff member, accompanied by the local Community Action auditor, visits the property for data collection.
      ii) A Health and Safety assessment is done.
         (1) If needed Health and Safety tasks are estimated to be too costly or Health and Safety requirements cannot be met the project will be deferred.
         (2) If the project passes the Health and Safety assessment the following areas are inspected:
            (a) Attic insulation levels
            (b) Wall insulation levels
            (c) Basement and/or crawl space insulation levels
            (d) Refrigerator make and model
            (e) Existing light bulb wattage
            (f) Heating systems
            (g) Cooling systems
            (h) Hot water distribution system
            (i) Primary and storm window condition
            (j) Primary door condition
            (k) Air infiltration points and chase ways
            (l) Integrity of roof and building envelope
            (m) Any other area(s) that affect the building's thermal performance
            (n) The utility bills from the previous year are collected.

6) The local Community Action runs the tasks through the WxPro energy audit to get a cost for the task.
   a) This gives us a local cost that is used for the TREAT energy audit.
7) The state staff member models the building using the TREAT energy audit software with all the data collected from the site and inputs the utility bills.
   a) All tasks or improvements are run through TREAT to get the Savings to Investment Ratio (SIR) for each task.
   b) All improvement SIRs must meet the levels as set forth in the North Dakota Standard Work Specifications and Field Guide as well as State Policy before they can be performed.
   c) The project documentation is sent to the LIHEAP Project Officer for approval before any work is started.
   d) The eligible improvements, as recommended by TREAT, are sent to the local Community Action agency for the weatherization process.
   e) All the improvements must be installed in accordance with the North Dakota Standard Work Specifications and Field Guide.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Non-Conventional Housing **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 700.30 **PROGRAM:** LIHEAP

DISCUSSION: In the process of providing Weatherization assistance, various non-conventional housing situations may be encountered. Please seek written authorization from DCS before proceeding with the weatherization of any non-conventional dwelling.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)

WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Energy Data Collection **DATE:** June, 2013

POLICY/GUIDANCE NUMBER: 800.10 **PROGRAM:** LIHEAP

DISCUSSION: The CAA's will be responsible for obtaining prior energy consumption data for all gas or electrically-heated homes at the time of application for weatherization. The following households shall be excluded from data collection requirement:

1. Households that have occupied the dwelling for less than one (1) full year;

2. Households which intend to relocate within the following year.

3 Households supplementing the primary heating system with wood, coal, kerosene radiant heaters, or electric space heaters.

The data collected from the utility should consist of one full year's monthly energy billings with the monthly billing periods clearly indicated. The data must indicate energy consumption for each billing period in kilowatt hours and/or MCF.

Energy consumption data shall be retained in the client file.

STATE OF NORTH DAKOTA
DIVISION OF COMMUNITY SERVICES (DCS)
WEATHERIZATION ASSISTANCE PROGRAM

SUBJECT: Cooling Program **DATE:** May 2020

POLICY/GUIDANCE NUMBER: 900 **PROGRAM:** liheap

Residential Cooling Program

A household who is income eligible for LIHEAP benefits from DHS may qualify for a cooling device, if a member of the household has a documented medical need or is 60 years of age or older. The household need not be responsible for payment of heating costs, so tenants in subsidized housing may qualify.

Eligibility Criteria

The documentation of medical need will require a signed statement from a physician, physician's assistant, nurse practitioner or public health nurse that identifies the member of the household who needs a cooled living space, the nature of the medical condition and why cooling of the living space is needed. An assertion that cooling is required because of disability is not sufficient to establish medical need.

Current clients who have received heating assistance during the heating season are referred to Community Action Agencies by providing a copy of their approval letter, or by requesting that the county social service office or tribal fuel assistance office send a free-form letter to the Community Action Agency attesting to the client's income.

Clients who did not apply for LIHEAP services during the heating season may apply for a cooling device at the County Social Service office or the tribal fuel assistance office. The county or tribal worker will process a LIHEAP Heating Assistance application to determine income eligibility for cooling assistance and a free-form letter will be sent by the County Social Service Board or the tribal office to the Community Action Agency attesting to the client's income eligibility.

A client who is ineligible for heating assistance because they live in subsidized housing or another reason, may also apply at the county social service office or the tribal fuel assistance office. The county worker will process a LIHEAP Heating Assistance application to determine income eligibility for cooling assistance and a free-form letter will be sent by the County Social Service Board or the tribal office to the Community Action Agency attesting to the client's income eligibility.

Community Action Agencies are responsible for ensuring that the client meets the medical needs eligibility criteria as outlined above.

The LIHEAP application form has a release of information to permit sharing of information between the Community Action Agencies and LIHEAP.

Cooling jobs may be done between May 1st and September 30th. Any work done outside those dates will need state approval. All jobs should be completed in WxPro before October 31st.

Services Provided

Each client will be eligible to receive cooling measure(s) from the following list:

1. Where no existing air conditioner unit exists an air conditioner may be purchased to include:
   a. Installation and related installation modifications
   b. Related installation electrical modifications
   c. Winter air conditioner cover

2. Repair or replacement of an existing central air conditioning unit is allowed. There is no price limit and state approval is not required.
   Up to $1,000.00 may be spent on installation of a central air conditioning unit where none exists. In special circumstances the installation may be fully paid for. This will require state approval.
   In rentals it is the landlord's responsibility to repair a central air cooling system, but if that isn't done, a portable or window unit could be purchased if the landlord signs a statement that the air conditioner is the property of the tenant, and can be taken with the tenant when he/she moves. (This applies in public housing units, as well.)

3. Where there is an existing window air conditioner unit and it does not meet the current federal minimum seasonal energy efficiency rating (SEER=13), a new unit may be purchased to include:
   a. Installation and related installation modifications
   b. Related installation electrical modifications
   c. Winter air conditioner cover

4. Where there is an existing air conditioning unit which meets the federal minimum energy efficiency rating, the client may select measures from the following:
   a. Ceiling Fan installation and related installation modifications
   b. Installation of manual fan switch for furnace thermostat
   c. Installation of a whole house ventilation fan

d. Installation of screening material on doors and/or windows
e. Installation of reflective foil heat barriers in attics
f. Installation of window awnings or sun-screen shutters
g. Purchase of oscillating or window fans

5. If the client has received services in the past, they would be eligible for services again as long as they still meet the requirements for eligibility and if the following conditions exist:
   a. The air conditioner the client received in the past is not repairable or will cost more than $350 to repair and is no longer under warranty
   b. Circumstances may have changed for this individual and a second air conditioner may be needed based on the individual's medical condition and the make-up or design of the home
   c. If a client was given an air conditioner in the past and simply does not have it any longer, state approval will be needed to provide services again. The state will reserve the right to refuse services if the client left the unit when moving or sold it.

Responsibilities of each party/agency:

Recipient

1. Application processing
2. Insure documentation of medical necessity
3. Contracting for services
4. Payment for materials and services after client certification of work completion
5. File quarterly progress report with the Grantor
6. Secure material and installation bids
7. Ensure required documentation is completed
8. Follow section 900 in the ND LIHEAP Policies and Procedures
9. Assist in the execution of client/contractor agreement

County Social Services

1. Determination of client eligibility for LIHEAP Heating Assistance Program
2. Communication of client eligibility to the Grant Recipient
3. Referral of needy clients to the Grant Recipient

Client

1. Secure documentation of medical necessity
2. Certify to the Recipient the completion of work and authorize payment
3. Select "other" cooling measures to be installed

Grantor

1. Reimburse the Grant Recipient for eligible costs
2. Insure timely reporting by the Grant Recipient
3. File quarterly reports with the Department of Human Services
4. Monitor Grant Recipient compliance with program requirements