

Exhibit No.:
Issues: Low-Income Weatherization
Witness: Joe Gassner
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Surrebuttal Testimony
Case No.: GR-2014-0086

MISSOURI PUBLIC SERVICE COMMISSION

SUMMIT NATURAL GAS OF MISSOURI, INC.

CASE NO. GR-2014-0086

SURREBUTTAL TESTIMONY

OF

JOE GASSNER

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DIVISION OF ENERGY

Jefferson City, Missouri
August 8, 2014

DOE Exhibit No. 504
Date 8-19-14 Reporter KF
File No. GR-2014-0086

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**


In the Matter of Summit Natural Gas of Missouri's)
Filing of Revised Tariffs to Increase its Annual) Case No. GR-2014-0086
Revenues for Natural Gas Service)

AFFIDAVIT OF JOE GASSNER

STATE OF MISSOURI)
) ss
CITY OF JEFFERSON)

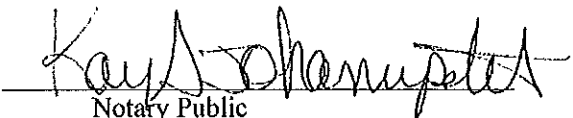
I, Joe Gassner, of lawful age, being first duly sworn on his oath, deposes and states:

1. My name is Joe Gassner. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as Weatherization Director, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

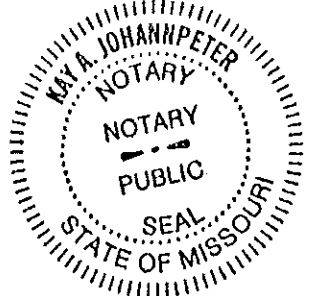


Joe Gassner

Subscribed and sworn to before me this 8th day of August, 2014.



Notary Public



My commission expires:

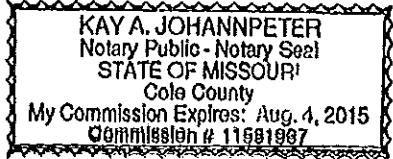


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1 I. INTRODUCTION

2
3 **Q. Please state your name and business address.**

4 A. Joe Gassner, Missouri Department of Economic Development, Division of Energy, 301 West
5 High Street, Suite 720, Jefferson City, Missouri.

6 **Q. Have you previously filed testimony in this case?**

7 A. Yes. On July 11, 2014, I filed rebuttal testimony on behalf of the Missouri Department of
8 Economic Development's Division of Energy (DE).

9 **Q. On whose behalf are you presenting surrebuttal testimony in this case?**

10 A. As with my rebuttal testimony, I am testifying on behalf of the DE.
11

12 II. PURPOSE AND SUMMARY OF SURREBUTTAL TESTIMONY

13
14 **Q. What is the purpose of your surrebuttal testimony in these proceedings?**

15 A. The purpose of my surrebuttal testimony is to address rebuttal testimony filed by Kory
16 Boustead on behalf of the staff of the Missouri Public Service Commission (Staff), and Geoff
17 Marke on behalf of the Office of Public Counsel (OPC), specifically with regard to low-
18 income weatherization assistance.

19
20 III. FUNDING FOR LOW INCOME WEATHERIZATION
21

22 **Q. Please summarize Staff's position regarding funding for low income weatherization**
23 **assistance.**

24 A. Kory Boustead states:

1 Staff proposes the goal of 0.5 percent of annual revenues as the target level for
2 both energy efficiency and Low-Income Weatherization assistance program as
3 has been calculated for other company programs in the past. A ramp-up period of
4 three (3) years is appropriate to allow SNG to form the EEAG, develop cost
5 effective programs, submit tariffs for approval and allow time to advertise the
6 measures in the natural gas energy efficiency programs. At the end of the three
7 (3) year period SNG should reach the goal of 0.5 percent of annual revenues for
8 Low-Income Weatherization assistance program and energy efficiency initiatives.
9

10 **Q. Do you agree with Staff's proposal?**

11 A. Not entirely. If DE administers weatherization assistance for SNG, as Staff proposes,¹ a
12 three year ramp-up period would be completely unnecessary, as DE's weatherization
13 assistance program is already well developed and currently operated on behalf of multiple
14 natural gas utilities and an electric utility. A ramp up, therefore, may be appropriate for
15 energy efficiency, as addressed by DE witness John Buchanan, but not a DE-administered
16 weatherization program. If the Commission authorizes a DE-administered program, it should
17 strongly consider separate funding for this reason.

18 **Q. Did the OPC suggest funding to support a low income weatherization assistance**
19 **program?**

20 A. Yes. OPC witness Geoff Marke states:

21 Public Counsel would be in favor of redirecting the funds (\$15,000) that SNG had
22 proposed to allocate towards EE to low-income weatherization instead.²
23

24 **Q. Is this an adequate amount for a viable low income weatherization assistance program?**

25
26 A. No. As mentioned in my rebuttal testimony, DE recommends that, if the Commission
27 authorizes DE to administer the program, it should further authorize an annual funding level
28 of \$30,000. If SNG administers its own weatherization assistance program, it remains

¹ Rebuttal Testimony, Staff witness Kory Boustead, lines 12-19, page 4, July 2014

² Marke, *op. cit.*, lines 9-10, page 15.

1 unclear what level of funding would be appropriate and what level of quality SNG is capable
2 of delivering;

3 The Company does not currently have any energy efficiency programs in
4 place and does not currently employ personnel with the expertise to
5 immediately begin to administer robust energy efficiency and low-income
6 weatherization programs.³
7

8 A lower level of funding could compromise the viability of a DE-administered low income
9 weatherization program.

10 **Q. Please explain what you mean by program viability.**

11 A. In addition to deploying weatherization grant funds, DE performs many quality control
12 functions including administrative oversight, fiscal management,⁴ technical and procedural
13 monitoring,⁵ and performance audits as outlined in my rebuttal testimony. Additional detail is
14 attached as Exhibits JLG-1 through JLG-3. These administrative services and costs, which
15 DE proposes to recover at 5% of weatherization funding, must be considered when
16 determining the overall funding figure, as such costs are likewise accounted for in other
17 ratepayer-funded DE services like its Building Operator Certification (BOC) program.

18 **Q. Please describe how ratepayer-funded administrative costs work in the BOC program?**

19 A. DE's Building Operator Certification (BOC) program is partially funded by ratepayers and facilitates
20 training in efficient facilities management for commercial customers of several Missouri utilities. All
21 such utilities budget funds for DE's BOC program, a portion of which covers DE's administrative
22 costs.

23 **Q. Does this conclude your surrebuttal testimony?**

24 Yes. Thank you.

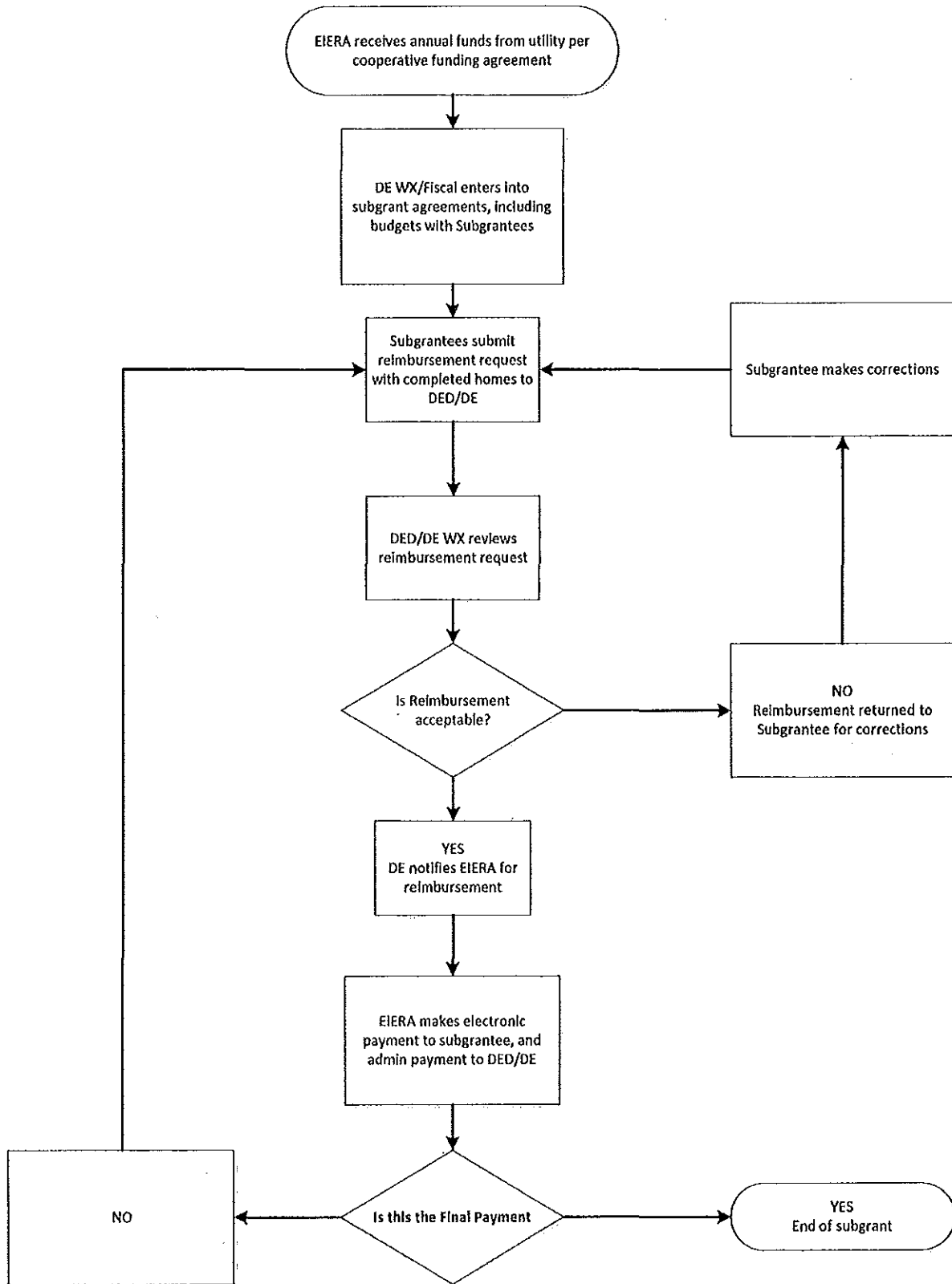
³ Rebuttal Testimony, SNG witness Martha Wankum, lines 20-21, page 3 and lines 1-2, page 4, July 2014.

⁴ See Exhibit JLG-1.

⁵ See Exhibits JLG-2 and JLG-3.

DED/DE - Weatherization
Utility Funds Reimbursement Process with Admin
August 8th, 2014

Exhibit JLG - 1



Technical Monitoring Protocol for Agencies

This document contains the monitoring protocol of the Weatherization Assistance Program (WAP) for the Missouri Department of Economic Developments' Division of Energy (DED/DE). Monitoring visits will include office review of documents and site visits to:

- a. Initial Audits - these are homes where the initial audit and computerized audit have been performed, but work at the home has not yet commenced.
- b. Homes in Progress - these are homes where work is in progress at the home, but has not yet been completed and is therefore not to the final inspection stage.
- c. Final Inspections - these are homes where the work at the home has been completed and the final inspection is being performed by subgrantee staff.
- d. Completed Homes - these are homes where the final inspection has been completed and the home has passed final inspection stage. These homes may or may not have been submitted to the DED/DE for reimbursement.

Prior to arriving at the subgrantee office, the DED/DE will provide a list of Completed Homes to the subgrantee which are planned to be reviewed and visited. The subgrantee will be responsible for scheduling visits to the Completed Homes. Visits to the Initial Audits, Homes in Progress and Final Inspections will be selected and scheduled by the subgrantee at the discretion of the DNR/DE.

IN OFFICE

- 1) Upon arrival, DED/DE staff will conduct an entrance interview, which will include detailing the initial itinerary of the monitoring visit and review with agency staff what will be expected during the technical review
- 2) DED/DE staff will review the "Technical Monitoring Equipment Check List" for maintenance and calibration requirement for each piece of equipment. (Attachment "C")
- 3) DED/DE staff will review Average Fuel Costs in the NEAT/MHEA program to be sure they are current prices.
- 5) DED/DE staff will download a copy of the current NEAT/MHEA MDB file for DED records.
- 4) The subgrantee will be asked to provide copies of the documentation listed below for scheduled client. Not all documentation may be available for Initial Audits and Homes in Progress.
 - a. Initial Audit
 - b. Homes in Progress
 - c. Final Inspected
 - d. Completed Homes

<u>Forms Needed</u>	<u>Inspection Type</u>
• Final Inspection Form (Attachment 3-2)	a,c,d
• Client Interview & Audit Assessment Form (Attachment 3-3.1)	a,b,c,d
• Worst Case Draft Test Form (Attachment 3-3.2)	a,c,d
• Diagnostic Field Form (Attachment 3-3.3)	a,c,d
• Mechanical Systems Audit Form (Attachment 3-3.4)	a,c,d
• Base load Replacement Audit Form (Attachment 3-3.5)	a,c,d
• Incidental Repair Justification Form (Attachment 3-3.6)	a,b,c,d
• ASHRAE 62.2 Form (Attachment 3-3.7)	a,c,d
• All Combustion Gas Analyzer Test Tapes	a,c,d
• Agency Work Order and/or Agency Work Specs	a,b,c,d
• MoWAP work order(s)	a,b,c,d
• All change orders and client refusal documentation	c,d
• All contractor invoices	c,d
• RRP/LSW documentation and test results	c,d
• DNR/DE approval documentation (window approvals, exemptions, etc.)	c,d
• Doctor's notes for AC replacement	c,d
• NEAT / MHEA Input Report	a,b,c,d
• NEAT / MHEA Recommended Measures	a,b,c,d

- 5) Review work orders and invoices for each client to get familiar with the scope of work for each home.
- 6) Prepare an "Inspection Form" (Attachment "A" or "B") for each home ready for final inspection and completed home (c & d).

IN FIELD

- 1) **Initial Audit:** Visit the homes which have had an initial NEAT/MHEA audit; however, no work has begun.
 - A. Make an assessment of area of conditioned space and if the basement is inside or outside the thermal boundary.
 - B. Review the NEAT/MHEA Recommended Measures
 - Check for measure eligibility
 - Check for appropriate unit costs
 - Review pre and post energy usage and cost savings
 - C. Review and compare the NEAT/MHEA Input Report with the existing conditions in the home
 - Verify the existing depth and type of insulation in the attic
 - Verify the existing wall insulation
 - Verify the existing floor insulation type and thickness
 - Verify the existing furnace type and SSE
 - Verify the existing air conditioner type and SEER/EER

- D. If windows are to be replaced, make an assessment of the condition of the windows are beyond repair and were properly assessed.
 - E. If exhaust fans are present in the home, verify the evaluated exhaust fan flow to the ASHRAE 62.2 Form (Attachment 3-3.7).
- 2) Homes in Progress: Visit the selected homes where work is being conducted and check for health & safety equipment/data at job site:
- A. Ask crew chief to verify the MSDS sheets for potentially hazardous materials and substances.
 - B. Ask crew chief to verify the first aid kit, fire extinguisher, etc. are available and on site at the home in progress.
 - C. Review LSW field procedures for compliance
 - 1. Add components to monitoring checklist
 - 2. Check inventory for critical materials and necessary crew protective gear.
 - 3. Check truck for materials and equipment: HEPA vacuum, rolls of polyethylene, and personal protective gear.
 - 4. Assess whether trucks have been contaminated with lead dust.
 - 5. Assess the level of lead safe weatherization training that crews and contractors have received. Determine if there is a need for additional training based upon materials assessment, protective gear available and condition of truck.
 - 6. Review work in progress by visiting job sites to ensure crews/contractors understand and are following LSW procedures.
- 3) Final Inspection: Visit the selected homes while auditor conducts a final inspection and observe the following:
- A. Look for any significant features, potential problems and obvious issues which may be relevant to the weatherization of the home.
 - B. Check work scope to make sure work was completed in a satisfactory manner.
 - C. Record any additional items that should have been included in the scope of work, such as dryer vented to outside, doors missing, or duct sealing that should have been installed, etc.
 - D. Be cognizant of and denote any health and safety hazards which may have occurred due to weatherization done on the home.
 - E. Observe the final inspector conduct the blower door test on the home to determine the reduction in air infiltration.
 - F. Observe the final inspector conduct all appropriate inspections and tests on the mechanical systems. The tests may include:

1. Heating Systems

- Combustion safety test
- Proper venting of the system
- Acceptable diagnostic measurement on “Worst Case Draft Test Form”
- Signs of concern: soot, rust, disrepair, etc.

2. Water Heater

- Combustion safety test
- Proper venting of the system
- Pressure relief valve and discharge pipe
- Pilot and burner access plate in place
- Signs of concern: soot, rust or disrepair
- Water heater blanket and pipe wrap properly installed

3. Mechanical venting (if required)

- Testing exhaust fans for adequate ventilation.
- Proper operation of the system
- Calculate the required air flow rates for exhaust fans based on blower door reading.
- set mechanical ventilation rates based on the ASHRAE 62.2 standards.

4. Gas Cook Range (if applicable)

- testing gas range for high levels of carbon monoxide

G. Record all observations on the final inspection to provide feedback during the exit interview.

4) Completed Home: Visit the homes which have been completed and a final inspection has previously been conducted and proceed as followed:

A. Walk around the outside of house to get familiar with location of doors and windows, flues, vents, etc. Look for any significant features, potential problems and obvious issues which may be relevant to the weatherization of the home.

B. Walk through interior of home. Check work scope to make sure work was completed in a satisfactory manner.

C. Walk through the home and record any additional items that should have been included in the scope of work, such as dryer vented to outside, or doors missing, or duct sealing that should have been installed, etc.

D. Check for health and safety hazards which may have occurred due to weatherization done on the home.

E. Evaluate the mechanical systems, a possible protocol may include:

1. Visual observation of the mechanical systems

a. Heating Systems

- Note if repaired or replaced
- Proper venting of the system
- Acceptable diagnostic measurement on “Worst Case Draft Test Form”

- Signs of concern: soot, rust, disrepair, etc.

b. Water Heater

- Note if repaired or replaced
- Proper venting of the system
- Pressure relief valve and discharge pipe
- Pilot and burner access plate in place
- Signs of concern: soot, rust or disrepair

c. Mechanical venting (if required)

- Note if required based on minimum air flow standards.
- Proper operation of the system

F. If mechanical systems were not post tested or it tested outside the acceptable range:

1. Test systems while at the home, or
2. Require the agency to return to home for testing

G. Evaluate the gas range for proper testing and measurements. (See Attachment 3-3.4)

H. If present, interview the occupant asking general questions about the weatherization which took place.

- Does occupant notice any difference in comfort level?
- Has there been a noticeable difference in the utilities?
- Is occupant happy with weatherization work conducted?

I. Record all observations on the inspection form and leave the home.

POST SITE VISIT

- 1) During an exit review with the local agency auditor, discuss any issues that were identified during the home visits and provide any recommended action which may be taken.
- 2) Return to the DE office and write a technical summary report of each home monitored. The technical summary will include all concerns and findings identified during the inspection of homes and the review of client files.

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
WEATHERIZATION SUBGRANTEE –
ENGAGEMENT PERIOD: TO**

<u>PROCEDURES</u>	<u>Initials & Date</u>	<u>Reference</u>
<p>II. Operations</p> <p>A. Financial Controls</p> <p><i>Pre-work:</i> Review risk assessment (<i>FY14 Risk Assessment.xlsx</i>) to determine the scope of the monitoring visit and the number of client files to be reviewed.</p> <p><i>Pre-work:</i> Print out and review the Positions and Processes Questionnaire that was completed by the subgrantee.</p> <p><i>Pre-work:</i> Obtain and review the subgrantee's Accounting Policies and Procedures to determine if they comply with the requirements of 10 CFR 600 and the appropriate OMB Circular (A-122, A-87, or A-21).</p> <p>Obtain a list of all subgrantee bank accounts held during the engagement period. Ensure advances of federal funds are maintained in interest-bearing accounts and that interest earned on DOE funds has not exceeded the allowable threshold of \$250 for non-profits or \$100 for local governments.</p> <hr/> <hr/> <p>Review all bank authorization forms and obtain a list of authorized check signers during the review period.</p> <hr/> <hr/> <ul style="list-style-type: none"> • Did the subgrantee board of directors authorize all bank accounts and check signers? • Were all terminated employees and ex-board members removed from check signing authority? • Were all checking accounts, savings accounts, and certificates of deposit tracked in the computer accounting system? • Are incoming checks restrictively endorsed by the person opening the mail? • Is a receipt issued for all funds received, except direct deposits by DED and interest income? • Are receipt slips pre-numbered and used in sequence? • Is the numerical sequence of receipts accounted for? 		<p style="text-align: center;">I A</p> <p style="text-align: center;">I B</p> <p style="text-align: center;">III A 1</p> <p style="text-align: center;">III A 2</p>

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
WEATHERIZATION SUBGRANTEE –
ENGAGEMENT PERIOD: TO**

<ul style="list-style-type: none"> • Are receipts deposited promptly and intact? • Is the person responsible for cash receipts separate from the person signing checks and reconciling the bank accounts? • Did advanced federal funds ever exceed \$250,000? Was a pledged security agreement/repurchase agreement obtained if advanced federal funds exceeded \$250,000? • Are there adequate procedures for approving and recording interbank transfers? • Is the blank check stock adequately secured? • Are dual signatures required on all checks? (no facsimile signature or stamps) • Is custody of checks after signature and before mailing properly controlled? • <i>Ask:</i> Are voided checks properly mutilated and retained? <hr/> <p><i>Pre-work:</i> Document the bank reconciliation process. Determine who completes the monthly bank reconciliation and who approves the bank reconciliation. Vouch the bank reconciliation at December 31, 2013. Determine that the reconciliations were prepared accurately and approved properly.</p> <ul style="list-style-type: none"> • Are bank statements reconciled promptly upon receipt? Are reconciliations properly documented? • Do the bank reconciliation procedures for all bank accounts include the following: <ul style="list-style-type: none"> • Comparison of dates and amounts of deposits as shown on the bank statements with the checkbook and computer accounting system? • Review of bank transfers to ensure both sides of the transactions have been properly recorded in the accounting records? • Are items rejected by the bank for insufficient funds investigated by a responsible person independent of those responsible for receipt or recording of cash? • Do the bank reconciliation procedures for all bank accounts include the following with respect to disbursements: <ul style="list-style-type: none"> • Comparison of canceled check number, date, payee and amount to check register? • Account for the sequence of check numbers? • Ensure checks did not clear bank prior to check dates? 	<p>III A 3</p>
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**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
WEATHERIZATION SUBGRANTEE –
ENGAGEMENT PERIOD: TO**

<ul style="list-style-type: none">Examination of canceled checks for authorized signature(s)?		
<ul style="list-style-type: none">Examination of canceled checks for irregular endorsement(s)?Examination of canceled checks for alterationsAre reconciled bank balances checked against the checkbook balance and the computer accounting system cash balance?Is there adequate separation of duties between check preparation, check signing, bank account reconciling, and access to cash receipts?Are completed bank reconciliations reviewed and approved? <hr/> <p>Pre-work: Using the subgrantee's budgets, reimbursements, and advancements from MoWAP, the SAM II (Crystal) reports, and the revenue report that was provided by the subgrantee, fill in the <i>Revenues & Expenditures Test.xlsx</i> and determine if the subgrantee's records of payments from the grants match those of DED/DE and SAM II.</p> <ul style="list-style-type: none">Print general ledger from MoWAP for months to be tested.		<p style="text-align: center;">III A 4</p>
<p>B. Expenditures</p> <p>Invoice Verification – Select a sample of 10% of the checks (30 max.) on the check register(s) for the Weatherization account(s). Request that the invoices and backup documentation be pulled for those checks. (follow up email)</p> <p>Verify that the payments match the invoices, were for allowable costs, and check them against the chart of accounts to see that they were coded to the correct account.</p> <p>Make a copy of one invoice and its backup documentation for the working papers. Make copies of any payments that did not match the invoice(s), were for costs that were not allowable, or were coded to the wrong account(s)</p> <ul style="list-style-type: none">Were all expenditures supported by an invoice, employee		<p style="text-align: center;">III B 1</p>

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
WEATHERIZATION SUBGRANTEE –
ENGAGEMENT PERIOD: TO**

<p>reimbursement claim form, or other documentation?</p> <ul style="list-style-type: none"> • Were all expenditures supported by an invoice, timesheet, employee reimbursement claim form, or other documentation? <ul style="list-style-type: none"> • Are invoices properly marked “Paid” with the date and check number to prevent duplicate payment? • Were expenditures posted correctly to the accounting records? 		
<hr/> <p>Review Insurance Coverages – All subgrantees are required to carry the following types of insurance (may be on MoWAP budget):</p> <ul style="list-style-type: none"> • General Liability Insurance • Automobile Insurance • Real and Personal Property Insurance • Environmental/Pollution Occurrence Insurance • Workers Compensation Insurance 		<p>III B 2</p>
<hr/> <p>Pre-work: Obtain the subgrantee's indirect rate or cost allocation plan from MoWAP and review it. If the allocation method or indirect rate has been approved by the federal cognizant agency, testing is not necessary.</p>		<p>IIIB 3</p>
<hr/> <p>Pre-work: Administrative costs must be allocated based on the principles and procedures established in the cost allocation plan. Calculate the amount of indirect that should have been applied in the month(s) being tested and trace to the general ledger and monthly reimbursement(s).</p>		<p>III B 4</p>
<hr/> <p>Determine if T&TA expenditures are allowable according to 10 CFR 600. Trace to invoices, (Pre-work: general ledger, and</p>		<p>III B 5</p>

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
 WEATHERIZATION SUBGRANTEE --
 ENGAGEMENT PERIOD: TO

<p>monthly reimbursement(s).</p> <hr/> <hr/> <p>Pre-work: Review the WAP portion of the subgrantee's single audit cost. This is to be included in the Financial Audit budget category unless financial audits have been included in the indirect cost pool of an approved indirect cost rate.</p> <hr/> <hr/> <p>C. Procurement</p> <p>Pre-work: Obtain and review the subgrantee's Procurement Policies and Procedures to determine if they comply with the requirements found in the Weatherization Program Operational Manual, Section 6, Procurement.</p> <p>Pre-work: Obtain a listing of payments to vendors for the fiscal year being monitored. The listing should be summarized by fiscal year, vendor, and amount paid. Identify any vendor receiving more than \$3,000, request bid documentation for these purchases, and review for the following:</p> <ul style="list-style-type: none"> All purchases must be made by competitive procurement except for single, local purchases or repetitive purchases of like items with total value less than \$3,000 in a single year. Informal telephone bids are required for purchases of \$3,000 to \$24,999 <hr/> <hr/> <p>Invitation for Bid procurement instrument must be used for purchases exceeding \$25,000. These purchases must be advertised and use formal, sealed bids. If possible, a minimum of three bids must be received.</p> <hr/> <hr/>		<p>IIIB 6</p> <p>III A 1</p> <p>III C 1</p> <p>III C 2</p>
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**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
WEATHERIZATION SUBGRANTEE –
ENGAGEMENT PERIOD: TO**

<p>Obtain and examine the bid packages for all Weatherization and HVAC contractors to determine if the subgrantee correctly executed the bid process, and retained all necessary documentation: IFB, newspaper ads or affidavits, list of bidders the IFB was sent to, list of those present at the bid opening (with</p> <p>time, date and location of opening), and bid evaluation score sheet.</p> <hr/>		IIIC 3
<p>Obtain and examine the bid packages for all Insurance purchases to determine if the subgrantee correctly executed the bid process, and retained all necessary documentation. (If and independent insurance agent or insurance broker was used to procure the insurance, a bid package is not required.)</p> <hr/>		
<ul style="list-style-type: none"> • Were any new vehicle or equipment items purchased during the review period? Did the items receive proper DOE and DED/DE approval? • Were the new vehicle or equipment items bid with several vendors providing quotes? Were the proper bid processes followed for the type and value of asset acquired? <p>D. Personnel and Payroll</p> <p><i>Pre-work:</i> Obtain and review the subgrantee's current personnel policy to ensure compliance with applicable laws and regulations (i.e. Fair Labor Standards Act, Family & Medical Leave Act, etc.).</p> <p>Review employee timesheets and leave records to ensure time worked, compensatory time, vacation and sick leave are accurate, adhere to subgrantee policy, and do not conflict with federal or state laws. Ensure that timesheets are signed by the employee and approved by a supervisor.</p> <hr/>		

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
WEATHERIZATION SUBGRANTEE –
ENGAGEMENT PERIOD: TO**

<hr/> <ul style="list-style-type: none"> • Were all expenditures supported by a timesheet, or other documentation? • Is a personnel file maintained for each employee that contains the employment application, position description, performance evaluations, payroll withholding authorization forms, leave records, etc.? • Are timesheets signed by both the employee and the employee's supervisor? • Does the person preparing the payroll review timesheets for computations of payroll period hours verify the pay rate and check leave time accrued, taken, and the balance? • Does an adequate system for distributing payroll to the funding source exist? • <i>Ask:</i> Does the person preparing the payroll review timesheets for overtime hours? • <i>Ask:</i> Are paychecks distributed by someone independent of timekeeping and preparing payroll checks? • <i>Ask:</i> Are payroll checks distributed on or after the last day of the payroll period (never cashed before pay date)? • <i>Ask:</i> Does subgrantee management review leave? • <i>Ask:</i> Is the total of W-2 wages for the year reconciled to the general ledger and payroll register wages paid? • <i>Ask:</i> Is overtime authorized in advance and a written record kept of the authorization? <hr/> <hr/> <hr/> <hr/>		<p align="center">III E 1</p> <p align="center">USE MoWAP? Y N</p>
<p>E. Program Compliance</p> <p>Determine if the subgrantee utilizes the waiting list from MoWAP or if a separate waiting list is used. Evaluate for the following (if using MoWAP waiting list, evaluate <i>only 3-5</i>).</p> <p>1) Determine if separate waiting lists are maintained for each</p>		

**MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
WEATHERIZATION SUBGRANTEE –
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<p>of the counties in the subgrantee's service area.</p> <ol style="list-style-type: none"> 2) Determine if the subgrantee uses demographic priority and client selection points to rank clients. 3) Include copies of communications to applicants who are eligible for program benefits. 4) Determine if ineligible clients are informed in writing, and if so, include copies of communications. 5) Include copies of any ads or presentations used to attract new applicants. <hr style="border: 0.5px solid black; margin: 10px 0;"/> <p>If the subgrantee maintains weatherization materials inventory that has been purchased <u>using DOE funds</u>, evaluate for the following:</p> <ul style="list-style-type: none"> • Determine if the subgrantee is using the FIFO method of inventory valuation. • Determine whether the subgrantee uses a periodic or perpetual inventory system. Perpetual must be reconciled to the general ledger at the program fiscal year end and the reconciliation must be reported on the final monthly reimbursement as inventory gain or loss • Perform a physical inventory count of a randomly selected sample of inventory items. <p><i>* Ensure inventory is correctly valued, regardless of what funds were used to purchase.</i></p> <ul style="list-style-type: none"> • Is a physical count of the inventory items periodically performed and documented? • Is the inventory adequately safeguarded with limited access? • Are materials, supplies, and equipment counted and inspected for condition upon receipt? • Are the duties of purchasing, receiving, disbursing, and record keeping properly segregated? • Is an annual physical inventory performed and documented? • Is a control system in place to ensure adequate safeguards to prevent against loss, damage, or theft of property? • Is the loss, damage, or theft of property reported to local authorities for investigation? Note instances. 	<p>III E 2</p>
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<hr/> <hr/> <p>Pre-work: Obtain the annual report that the subgrantee submits to DED/DE listing all vehicles and equipment.</p> <p>Pre-work: Obtain from the subgrantee's Inventory file copies of the title, or application for title, and all purchase documentation for vehicles purchased during the review period. Include purchase approval documentation from DOE and the DED/DE.</p> <p>Pre-work: Obtain from the subgrantee's Inventory file the documentation provided by the subgrantee regarding the disposal of vehicles and equipment.</p> <ul style="list-style-type: none"> • Are the results of the physical inventory reconciled to the fixed assets records? • Is a control system in place to ensure adequate safeguards to prevent against loss, damage, or theft of property? • Is the loss, damage, or theft of property reported to local authorities for investigation? Note instances. • Have maintenance procedures been developed to keep the property in good condition? • Does the vehicle or equipment inventory listing include a description of the item, a VIN or serial number, the source of the property, the acquisition date, the cost, the location, and the use and condition? • Is equipment tagged with identification numbers? • Did the subgrantee sell any vehicles or equipment during the review period? Is DOE and DED/DE approval documentation available? Were the proceeds placed back in the appropriate fund for future weatherization use? <hr/> <hr/> <hr/>	<p>III E 3</p> <p>III E 3</p>
<p>Pre-work: Verify that any vehicles or equipment purchased by the subgrantee during the review period have appropriate DOE and DED/DE approval documentation.</p>	

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<p>Pre-work: If any vehicles or equipment were disposed of during the review period, verify that the proceeds were deposited into the appropriate weatherization fund account for future use.</p> <p>Pre-work: Verify that the proceeds from the sale of any vehicles or equipment that was purchased with DOE funds, and were valued individually at \$5,000 or more, were returned to the Federal Treasury (less \$500 that could be kept to cover sale expenses).</p> <p>Check VIN/Serial numbers on the vehicles/equipment against those reported on the inventory list.</p> <hr/> <hr/>		<p>III E 4</p>
<p>Pre-work: Select client files to be monitored based on the number of homes completed during the review period and the risk assessment. Enter client job numbers and names in <i>Client File Testing.xls</i>. Print out the Client File Summary from MoWAP for each client file to be reviewed.</p> <p>Review the selected client files using instructions found on <i>Client File Testing.xls</i>.</p> <ul style="list-style-type: none"> • Compare each contractors' bid document to a sampling of their invoices in the client files to ensure materials and labor are being charged in accordance with their bid. • Review a sampling of the client files to ensure that inventory materials and crew labor are being charged at the correct price/rate. <hr/> <hr/>		<p>III E 6</p>
<p>Pre-work: Obtain the number of homes completed by the subgrantee by county from MoWAP and enter into <i>LIWAP Monitoring.xlsx</i>.</p> <p>Pre-work: Obtain 2010 county populations and percent of persons below poverty level from http://quickfacts.census.gov/qfd and</p>		

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<p>enter into the <i>LIWAP Monitoring.xlsx</i> spreadsheet.</p> <p>Pre-work: Check that the percent of homes complete by county is within +/- 8% of the percent of service area population below poverty.</p> <hr/>		<p>III E 7</p>
<p>Pre-work: Calculate the percentage of grant dollars spent as compared to the grant time elapsed for each grant.</p> <hr/>		<p>III E 8</p>
<p>Pre-work: Calculate the percentage of homes completed by the subgrantee as compared to the number of homes projected to be completed in the subgrantee's budget for each grant.</p> <hr/>		<p>III E 9</p>
<p>Pre-work: Calculate the average cost per home for each grant by dividing the total expended in the program operations category by the total number of homes completed.</p> <hr/>		<p>III E 10</p>
<p>Review the files of all contractors after bid is done, and verify that each has the following information:</p> <ul style="list-style-type: none"> • Ensure subgrantee has verified current business licenses with the Missouri Secretary of State and checked both the Federal and State debarment lists for all contractors. • Weatherization and HVAC contractor(s) must have commercial general liability insurance, automobile insurance, workers compensation insurance (or waiver), a current, signed contract with the subgrantee, and (for Weatherization Contractors only) lead-safe practice certifications. <hr/>		<p>III E 11</p>

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<p><i>Pre-work:</i> Obtain the two reports which indicate the timeliness of reports submitted by the subgrantee to DED/DE. (P:/energy/residential/Wx. Monthly Report Tracking) (P:/energy/residential/Wx. Quarterly Report Tracking) Review the report and document any trends of late submittals.</p>		
<p><u>PROCEDURES</u></p>	<p><u>Initials & Date</u></p>	<p><u>Reference</u></p>
<p>III. Prior Monitoring and Audits</p> <p><i>Pre-work:</i> Review the findings of the subgrantee's previous monitoring report and most recent A-133 audit.</p> <p>Document the status of the findings and any actions that the subgrantee has taken to correct the findings. If the subgrantee has not had sufficient time to implement corrective action, the follow-up should state such.</p>		<p align="center">IV</p>
<p><u>PROCEDURES</u></p>	<p><u>Initials & Date</u></p>	<p><u>Reference</u></p>
<p>IV. Exit Conference</p> <p>Conduct an exit conference with the subgrantee to discuss the results of the monitoring. Subgrantee staff should be offered the opportunity to be present at the exit conference. Put notes from the exit conference in the working papers binder.</p>		<p align="center">V</p>