

- 1. General Purpose**
- 2. Production Tracking and Benchmarks**
- 3. Assignment of State Monitors**
- 4. Monitoring Visits**
- 5. Annual Monitoring**
- 6. Quality Assurance Inspections**
 - 6.1. Percentage of Inspections
 - 6.2. Mandatory Inspections
 - 6.3. Change in Percentage Rate of Inspections
 - 6.4. Common Reasons for Failure of a Unit
- 7. Energy Audit Reviews**
- 8. Fiscal and Inventory Monitoring**
- 9. Sub Grantee Performance Rating System**
- 10. Progressive Contract Compliance Process**

1. General Purpose

NJ WAP ensures that each WAP Agency continuously operates a quality weatherization program by providing on-site monitoring of both programmatic and fiscal management. The Program Monitoring Staff (State Monitors) is regularly accessible to each WAP Agency to ensure regulatory compliance and to provide training and technical assistance. State Monitors are prepared to engage in problem solving at every level, promote an understanding of the goals of the program, and develop strategies in concert with WAP Agencies to overcome various issues and problem areas. They also examine work schedules and reports, oversee the sub-contracting process, and generally evaluate WAP Agency performance.

Program monitoring is the principal method by which DCA can affect the management of any weatherization program and improve the quality of work. NJ WAP will monitor each WAP Agency to ensure that the program is being implemented as required by DOE, 10 C.F.R. § 440, New Jersey Field Guide, and DOE/NREL Standard Work Specifications (SWS), Weatherization Program Notice 15-4 and in accordance with the guidelines set forth in this manual. Monitoring activities include but are not limited to the following activities:

- Weekly Visits
- Quality Assurance Inspections of completed units
- Client File Reviews
- Energy Audit Reviews
- Annual Monitoring Visit
- Fiscal Monitoring
- Unscheduled Visits, i.e. inspections of work in progress for safe work practices, LSW and other relevant factors.
- Production Tracking and Benchmarks
- Attend Bid Openings

2. Production Tracking and Benchmarks

Section C of the executed Grant Agreement states the monthly production goals and quarterly benchmarks required to be met by WAP Agencies. The goals and benchmarks are tracked monthly by WAP Management. The overall Production Report is provided to WAP Agencies during the monthly WAP Managers' meetings. In addition, WAP Agencies are provided with agency-specific Production and Grant Status Report(s) for all open grants. The agency-specific report is utilized to provide the WAP Agency with a current update on production and spend down of grant funds. This report is also used as a tool to identify lack of production which will trigger a meeting request to the WAP Agency with NJ WAP to discuss obstacles, concerns, issues and/or corrective action plan that may be necessary.

3. Assignment of State Monitors

Each WAP Agency is assigned a State Monitor. Rotation of State Monitors will occur on a yearly basis. State Monitors are to coordinate directly with the WAP Agency training, weekly monitoring visits, Quality Assurance Final Inspections, technical assistance, etc.

4. Monitoring Visits

State Monitors will conduct at least one visit per week to each assigned WAP Agency for the purpose of providing technical assistance and/or conducting quality assurance inspections. At the end of the visit, the State Monitor will provide WAP Manager with a copy of the [Subgrantee Monitoring Visit Report](#). WAP Managers are required to acknowledge receipt of the report by signing it. The Weekly Visit Reports are maintained on file at the NJ WAP offices and are utilized to evaluate WAP Agency. A sample monitoring report form can be found in the Appendix.

5. Annual Monitoring

In addition to the weekly visits, each WAP Agency will also receive a comprehensive monitoring review of its administrative and fiscal operations by a contracted Certified Public Accounting (CPA) firm. Through the CPA firm, a risk-based analysis will be conducted concerning each WAP Agency to establish that sound accounting practices are in place, which safeguard the WAP Agencies' funds as well as ensure compliance with all applicable State and Federal Regulations and OMB Circulars. A copy of the monitoring report is provided to the WAP Agency within 30 days after the completion of monitoring review. If deficiencies are noted in the report, then WAP Agencies are required to provide a corrective action plan within 20 days after receiving the report. State Monitors will conduct follow-up visits within 30 days to ensure corrective action has been implemented.

Each WAP Agency is monitored at least once per year by the CPA firm. Among other things, the monitoring review examines the cash receipt, payroll, and cash disbursement components of each WAP Agency's fiscal operations. The fiscal monitoring process also includes a review of the following documents for each WAP Agency:

- Recent audit reports
- Organization charts
- Applicable board/committee meeting minutes
- Internal control standards and procedures manual
- Job descriptions of personnel charged to the Weatherization grant
- Schedule of current insurance
- Chart of general ledger accounts used to record weatherization transactions
- Fiscal reports
- Bank Statements for WAP Accounts
- Historic Preservation Compliance
- Pollution Insurance Monitoring
- Any significant correspondence

6. Quality Assurance Inspections

NJ WAP State Monitors are responsible for ensuring that WAP Agencies comply with Federal and State Regulations, policies, and procedures. State Monitors conduct inspections through random sampling of the units reported as completed by the WAP Agency. These inspections ensure that completed units are, in fact, complete and meet the Standard Work Specifications stated in the New Jersey Field Guide. **Units must be inspected by a certified Quality Control Inspector.**

On a monthly basis, the WAP Agency is required to submit a "completed units" invoice via the Hancock Energy Software for Weatherization Assistance Program (HESWAP) system. WAP Agencies are required to conduct a quality control inspection on **every** unit weatherized. Invoice **submitted by WAP Agencies** require a signature to certify that each unit contained in the report has received a final inspection by a **certified Quality Control Inspector (OCI)**. The date of the final inspection for each unit must also be included in the report.

Field inspections are scheduled in advance by the WAP Agency. Upon arrival, State Monitor will conduct an entrance and exit interview with the client. A WAP Agency representative must be present during the field inspection visit. Units that fail inspection are documented on the HESWAP Inspection Form and provided to WAP Agency for corrective actions to be taken within a specified time frame.

6.1. Percentage of Inspections

The rates of inspections conducted by the State Monitors are based on the performance of the Weatherization Agency. At a minimum, 25% of the completed units for each WAP Agency are inspected by State Monitors. Based on the number of failures, State Monitors may conduct inspection on more than 25% of the units per invoices. A minimum of 4 units must be on the invoice for submission. Any invoice with 3 or less units will be returned. The exception will be a final invoice closing the program.

New WAP Agencies must undergo 100% State Quality Control Inspections for a minimum of one year. State Monitors provide WAP Agencies with [Final Inspection Form](#) along with copies of the [HESWAP Quality Control Form](#) concerning failed units. Sample of both forms can be found in the Appendix.

6.2. Mandatory Inspections

The weatherization measures are determined by the energy audit recommendations in conjunction with per unit expenditure limits. Effective weatherization and increased energy efficiency are the primary objectives of the NJ WAP. "Gold Plating and Skimping", which is providing less service to some households for the benefit of others, or to increase the amount of program support earned by a WAP Agency, is not permitted.

State Monitors are required to inspect all jobs that have a total cost of less than \$800 for crew-based agencies and less than \$1,000 for contractor installations. Units will not be approved if it is determined that effective weatherization jobs were not completed. While

this is not meant to imply that no services should be provided to an eligible household that does not require substantial levels of material installation, if it is apparent that a unit is already energy-efficient, then there is no justification for expending grant funds in that unit based solely on income eligibility.

Disallowed Units:

1. The unit did not receive adequate service based on an approved energy audit.
2. The unit was already energy-efficient and therefore should not have been weatherized.
3. The unit cost reported has grossly inflated item charges; based on a comparison of past charges for similar items.
4. The unit received partial weatherization as defined in Chapter 7, Section 3.10 on Page 231.

6.3. Change in Percentage Rate of Inspections

At any given period of the grant, the inspection rate may increase due to the significant number of unit failures, quality of work, technical issues noted in the field, etc. If the inspection rate is increased, WAP Agency will be notified in writing and provided 90 days to implement corrective action. After 90 days, State Monitor will re-evaluate and provide a recommendation to either continue increased inspection rate or reduce to the minimum requirement of 25%. If the recommendation is to continue the higher inspection rate, another 90 days will be provided with a warning of Progressive Compliance Process taking effect.

6.4. Common Reasons for Failure of a Unit

When a unit has failed inspection, State Monitor will note the following code as the reason for failure on the HESWAP WAP Monitor Inspection Form:

1. Missing measure(s) charged to the report.
2. Incomplete measure(s)
3. Improperly installed measure(s) based on Standard Work Specifications (SWS) and or manufactures specifications.
4. Additional measure(s) needed to effectively weatherize the house (missed opportunity).
5. Poor quality of work.
6. Material(s) installed does not meet standards based on 10 C.F.R. § 440 Appendix A.
7. Measure installed not recommended by energy audit.
8. Failed to address Health and Safety.
9. Failure to execute Health and Safety properly.
10. Unreasonable/excessive cost for measure(s).
11. Measure installed based on inaccurate data entered in the audit.

7. Energy Audit Reviews

To ensure quality energy audits are being conducted on the homes weatherized and maximum weatherization services are provided to clients, State Monitors will randomly select three to four energy audits for review and evaluation every six months. State Monitors will complete and provide a copy of [Audit Review/Finding\(s\) Report](#) within 20 days of selecting audits. Sample of report form can be found in the Appendix of this Policy Manual.

8. Fiscal and Inventory Monitoring

To ensure prompt payment to vendors and payment on a reimbursable basis, State Monitors will be required to randomly select up to 10 expenses reported on an FSR and track such expenses through WAP Agency financial records every six months. This serves the purpose of verifying payment made by WAP Agency to vendor.

As stated in Chapter 7, Section 3.6.3., Inventory Control, WAP Agencies are responsible for the development of in-house procedures designed to ensure the proper management of tools and equipment purchased, in whole or in part, with Weatherization Assistance Program's funds. A physical inventory of the property must be taken, and the results reconciled with the property records on a quarterly basis in HESWAP. NJ WAP HESWAP Coordinator will conduct a review of inventory on HESWAP on a quarterly basis to ensure that grantees are maintaining inventory module as required by policy. State monitors will conduct a physical inventory check every six months.

9. Sub Grantee Performance Rating System

The effectiveness of weatherization projects completed by WAP agencies is analyzed by use of a Weatherization Performance Rating System which is summarized below. The Performance Rating System is designed to compare each WAP Agency's actual performance against the contractual requirements and milestones with which the WAP Agency indicated acceptance as evidenced by contract execution.

The rating system considers the following factors as required by 10 C.F.R. 440.15(a) (3) (i-iv).

Rating Factor #1	The extent to which WAP Agency is meeting benchmarks and production goals.
Rating Factor #2	The quality of work performed by the WAP Agency (as determined by the percentage of units inspected that pass quality assurance inspections performed the first time by State monitors).
Rating Factor #3	The extent to which the WAP Agency submits required expenditure reports on a timely basis.

Rating Factor #4 Prompt payment to contractors in accordance with Chapter 5, Uniform Bid Process and Contractor Relations

The points awarded under this system are totaled (by Rating Factor) for each WAP Agency biannually and annually. The annual totals provide a basis for comparing performance among WAP Agencies. This will be one of the criteria used to determine future funding allocations.

Several of the rating factors referred to herein represent WAP Agency – DCA contractual requirements. Violations of these contractual provisions will also trigger the Progressive Contract Compliance Process which is summarized in the Monitoring Plan Section of the NJ WAP State Plan.

If a WAP Agency’s performance is deemed unsatisfactory, an open competitive bid will be released to identify a temporary WAP agency for that target area.

Point System

Rating Factor #1 – Production (Completed Units)

Periodically the OLIEC reviews the sub grantee Production Status Reports to determine the extent to which the sub grantee is meeting its production goals and benchmarks. Up to 30 points are awarded in this category based on the following scale:

100% of biannual goal	= 30 points
99%-80% of biannual goal	= 20 points
79%-60% of biannual goal	= 15 points
59%-40% of biannual goal	= 5 points
39% or less of biannual goal	= 0 points

Rating Factor #2 – Quality of Work

Each month State Monitors perform quality control inspections on a random sampling of 25% of the units reported as completed by the sub grantee. The percentages of units inspected which fail the State Monitor’s initial quality assurance inspection receive the following point values:

0%	failure rate	= 25 pts
1-10%	failure rate	= 20 pts
11-25%	failure rate	= 15 pts
26-35%	failure rate	= 10 pts
36-49%	failure rate	= 5 pts
50% and higher	failure rate	= 0 pts

Rating Factor #3 – Production (Expenditures)

In accordance with grant agreements, the OLIEC reviews SAGE’s current grant status report to determine the extent to which the sub grantee is meeting its expenditure requirements. Up to 30 points are awarded in this category based on the following scale:

100% of biannual goal	= 30 pts
99%-80% of biannual goal	= 20 pts
79%-60% of biannual goal	= 15 pts
59%-40% of biannual goal	= 5 pts
40% or less of biannual goal	= 0 pts

Rating Factor #4– Prompt Payment to Contractors

In accordance with Chapter 5, Section 8, of the WAP Policy and Procedures Manual, WAP agency must compensate weatherization contractors and suppliers for services rendered within 60 days of invoice receipt and satisfactory WAP Agency’s final Quality Control Inspection. State Monitors will conduct a biannually fiscal assessment that entails selection of 10 invoice items (expenses) on a FSR to determine compliance. The rating scale for this rating factor is applied based on the % of invoices paid within 60 days or in accordance to the terms of contract signed by WAP agency and contractor:

90-100%	= 15 pts
75-89%	= 10 pts
74-51%	= 5 pts
50-40%	= 3 pts
39% or less	= 0 pts

Final Program Year Annual Criteria Rating and Additional or Penalty Points:

Annual Criteria for Production and Spenddown	
Met biannual goals	30 points
Met 1 out of 2 biannual goals	15
Did not meet any	0

1. 5 additional points will be applied for spend down of grant funds and completion of units prior in accordance with program guidelines prior to production schedule timeline.
2. 5 additional points will be applied for completion of production in accordance with program guidelines prior to timeline established by OLIEC or as stated in the grant agreement.
3. 5 additional points will be applied if WAP Agency has accepted additional funds and completed the spend down and the units in accordance with their proposed production schedule and program guidelines.

4. 5-point deduction will be applied as penalty for not completing production by timeline established by OLIEC.

10. Progressive Compliance Process

In order to avoid having to use the Progressive Compliance Process, NJ WAP implements several preventive techniques aimed at avoiding compliance problems before they start. As with employee discipline problems, WAP Agency compliance problems are rarely intentional. More often they are a result of lack of knowledge of how to complete projects and assignments within accepted standards. When lack of knowledge is not responsible for the non-compliance issue, however, the following steps comprise the Progressive Compliance Process.

Informal Talk with WAP Agency - Discuss the agency's actions in relation to required standards according to contract. Determine reasons for non-compliance. Stress agency's responsibility to maintain standards. End the talk with acknowledgement of agency's or manager's previous cooperation and good work.

Oral Warning to WAP Agency - Emphasize undesirability of agency's continued non-compliance and possible consequences if continued (for agency, group, and program). Violation is discussed in a straightforward manner. Offer to assist agency to correct deviation. Stress to agency that there must be improvement in the future.

Written Notification of Contract Non-Compliance to Executive Director and WAP Manager - This notice contains a statement of the specific violation(s) and the contract provision referred to therein, the potential consequences of future violations, the specific action required to correct the deviation and the deadline for taking this action. Offer of assistance is repeated. This notice also summarizes two previous steps.

Reduction of Grant Award - This is an interim measure taken to encourage agency change short of suspension or termination of grant. This may be implemented for less serious deviations related to contractual violations or non-compliance.

Suspension or Termination of Contract - This is a serious action taken in extreme cases where the violation is serious in nature and/or the previous three steps have not produced change.