



Weatherization Assistance Program Policy & Procedure Manual

Program Year 2026

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Indiana Housing & Community Development Authority

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<https://www.in.gov/ihcda/program-partners/weatherization-assistance-program-wx/>
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Section 1: Purpose & Scope

The purpose of the Weatherization Assistance Program (WAP) is to increase the energy efficiency of units occupied by low-income persons, or to provide such persons renewable energy systems or technologies, reduce their total residential expenditures, and improve their health and safety for those who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden ([10 CFR 440.1](#)).

All Federal program regulations and guidance can be found at Department of Energy (DOE) [Website](#). If Indiana Housing & Community Development Authority (IHCDA) has specifically issued Program Guidance, these notices can be found at on the [WAP Website](#). The order of precedence given to written policy is as follows: Federal policy, State policy, Grant Agreements, Policy & Procedure Manual, Program Guidance, Field Guide. Waivers to policy apply only to the unit the request was made for and must be placed in the client file.

Section 2: Award

IHCDA acts as the Recipient of awarded funding grants authorized by Grantors to spend within the State of Indiana. IHCDA allocates funding grants to subrecipients to perform weatherization activities by WAP Professionals within their designated service areas. These WAP Professionals may be subrecipient in-house crews or subcontractors hired by the subrecipient.

2.1 Allocations

At the beginning of the Performance Period, subrecipients are allocated Federal funding based on IHCDA's allocation table. The allocation table is based on population factors of the subrecipient's service area and determines the amount of funding that an agency will receive. Subrecipients may receive additional funding upon request or through a separate allocation.

2.2 Performance Period

The Performance Period is the amount of time the subrecipient is given to fulfill all contractual obligations. The types of Performance Periods are listed below:

- Program Year
- Production Period
- Grant Cycle

Program Year

The Program Year is the annual contractual period. The Program Year has four quarters, each with benchmarks and production plans.. Program Years vary, depending on the program:

- **Formula DOE:** July 1 – June 30
- **IJA:** July 1 – June 30
- **LIHEAP:** October 1 – September 30

Production Period

The Production Period is the duration of the award agreement with IHCDA. In one-year contracts, the Production Period may match and will generally be based on the Program Year of the award. In multi-year contracts, the Production Period will not always match the Program Year, and may differ in length depending on the length of the Grant Cycle.

Grant Cycle

The Grant Cycle is the amount of time that authorized funds from the Grantor may be spent by IHCDA and the subrecipients. In each Grant Cycle, a new Award is created and authorized for IHCDA to spend. Each funding source has different forms the Grant Cycle takes:

- **Formula DOE:** *Multi-year Grant Cycle given out into one-year allocations, using Program Years to begin and end the award.* Allocations are revised annually. Funding cannot carry over into the next Grant Cycle. Typical DOE Grant Cycles last for 3 Program Years.
- **IJA:** *Multi-year Grant Cycle given out as a multi-year allocation, without using Program Years to begin and end the award.* The end of the award is the end date of the Grant Cycle. Total award amount was set at the beginning of the Grant Cycle, and given out in allocations based on reaching certain benchmarks. Grant Cycle will last until June 30, 2029.
- **LIHEAP:** *One-year Grant Cycle given out as a one-year allocation, using Program Years to begin and end the award.* Allocations are revised annually. Funding may carry over in the following Grant Cycle.

2.3 Subaward Contracts & Forms

Grant Agreement

Agreements are the initial contract between IHCDA and the subrecipient; this includes all legal, production, and expenditure requirements of the subrecipient. The Executive Director (or designee) of the subrecipient and IHCDA must sign the to formally execute the contract. WAP Managers and fiscal staff

must use the Agreement to build their Program Year budgets. Any budget categories that do not have a pre-determined dollar amount may be budgeted at the subrecipients discretion.

Amendment

Amendments update clauses of the original contract. This may include updates to funding amounts, budget category terms, policy or legal terms, and performance period lengths. The Executive Director (or designee) of the agency and IHCD A must sign the Amendment contract for it to go into effect. WAP Managers and fiscal staff must use the Amendment to update their Program Year budgets and obligations.

Budget Form & Modification

Upon signing of the Agreement contract, or an Amendment contract that impacts funding, WAP Managers and fiscal staff will complete and submit a budget form to IHCD A. The budget form must be signed by the subrecipient Executive Director (or designee) and WAP Manager for funding to be available on the claims system, IHCD AOnline. Claims may not be submitted until the budget has been approved by IHCD A. Initial budget forms will be emailed to the WAP Managers at the start of the Program Year, and can be found on the [WAP Website](#) in the Appendices. Subrecipients must submit all budget forms to iwx@ihcda.in.gov.

The budget form will be used by the WAP Manager to plan production and spending benchmarks for the performance period. Subrecipients are responsible for limiting expenses to the amounts allowed in the budget categories. In no instance will a subrecipient be permitted to exceed the total award for the Performance Period. In the event a subrecipient needs to adjust budget category amounts or quarterly schedule, a budget modification must be approved by IHCD A. Subrecipients must submit all budget modifications to iwx@ihcda.in.gov. The subrecipient Executive Director (or designee) and WAP Manager must sign all budget modifications before they can take effect.

Request for Qualifications

IHCD A may post a Request for Qualifications (RFQ) to identify eligible organizations to provide services within a specified service area. IHCD A will assess existing adjacent subrecipients to support service areas during the RFQ process. An RFQ may be posted for the following non-exhaustive reasons:

- Service area is currently lacking a subrecipient
- Service area's needs are not being met by its subrecipient
- Service area has been voluntarily forfeited by a subrecipient
- Service area has been removed from a subrecipient

Prospective subrecipients must be a public or nonprofit entity (such as a Community Action Agency) in order to qualify to perform weatherization activities.

Subrecipient Subcontracts

Subrecipients may use utilize subcontracts through either bidding each weatherization job individually or developing a price list for contractors following [2 CFR 200.318](#) and [2 CFR 200.319](#). Documentation of the bidding or price list procedures must be available to IHCD A upon request and include the following:

- Cost analysis of bids conducted every 2 years
- Public bid with advertising available and open for 3 business days
- Bid packet copy included in the client file
- List out interested existing contractors who were sent the bid packet
- Solicitation includes clear and accurate description of service and/or material procured
- Deadline for responses to bidding packet established

Subrecipients must demonstrate that prices paid for both miscellaneous items included on the price list are reasonable based upon fair market values. The [Financial Management Toolkit](#) provides templates, checklists and guidance for procurement of weatherization contractors.

Subrecipients must annually review their contractors against the Federal contractor debarment list located at sam.gov. If a contractor is listed on the Excluded Parties List, subrecipients must not enter into a contract for goods or services paid with Federal funds. Contractors are required to supply their UEI number to Subrecipients.

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Section 3: Intake

3.1 Eligibility

Per [10 CFR 440.22](#), a unit shall be eligible for Weatherization assistance if it is occupied by a household:

- Whose income is at or below 200% of the poverty level determined in accordance with criteria established by the Director of Office of Management and Budget.
- Who is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981, provided that such basis is at least 200 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.

Subrecipients must ensure client eligibility before the start of the Energy Audit. The Eligibility Date (also known as Application Approval Date) is when the client is considered eligible for weatherization. The Energy Audit must be completed within 12 months of the Eligibility Date. No unit will be weatherized without documentation that the unit is eligible ([10 CFR 440.22](#)).

Subrecipients are obligated to review and determine WAP eligibility status for all applicants. An Application Approval Letter must be sent to the client and made available via the [WAP Database](#). A copy of the approved client application must be included in the client file. If an employee of a subrecipient is applying for assistance through WAP, a note must be included in the client file indicating that the subrecipient's Executive Director has reviewed and approved their application.

Poverty Guidelines are followed as outlined by [WPN 25-3](#).

Categorical Eligibility

Categorically eligible units are defined as households that have been income verified by an approved federal program. Units deemed categorically eligible due to eligible participation in the following programs will have their most recent Eligibility Date transferred into their record in the WAP Database.

- EAP
- HUD Means-Tested Programs
 - Housing Choice Voucher
 - Project Choice Voucher
 - Healthy Homes
 - Lead Hazard Control
- SSI
- TANF
- USDA

Eligibility will be documented by proof of the Eligibility Date for the approved federal program. Information, such as income verification, does not need to be duplicated. The client file or WAP Database must contain the Application Approval Letter to confirm the validity of income verification.

Non-Categorical Eligibility

Subrecipients must determine eligibility for units that are not categorically eligible through household income. The household must be at or below 200% of the Federal Poverty Level to be considered income eligible for WAP.

Subrecipients must verify household income during the application process, and must include all sources of income from all household members. Subrecipients must use of the income calculator in the WAP Database, to calculate **annualized** income. Clients must provide their most recent paystubs issued within 90 days before the WAP Application Date. Acceptable sources of documentation include:

- W-2's
- 1099's
- Social Security Income

- Alimony/ Spousal Support
- Black Lung Benefits (only if person is the beneficiary of individual who had black lung)
- EITC
- Pension
- Retirement payouts
- Workers Compensation
- VA Disability Income
- Unemployment
- Self-employment
- Interest/ Dividends

Child Support

Payee

When an applicant receives Child Support from any state program or individual during an applicable tax year, payments are excluded as income. The client must complete a Form IVA-2025 – Income Verification Affidavit and provide supporting documentation.

Payor

When an applicant is paying Child Support, through a state program or to an individual, payments are not deducted from income.

Zero Income Clients

Clients with no income are required to have a notarized Zero Income Affidavit for each household member, ages 18 and over, who claim no income for 90 days prior to the application date. The Zero Income Affidavit must be signed by zero income claimant or person who completes the application on behalf of the claimant and must be made available in the client file. If the signatory is not the zero income claimant, the person must be listed as a household member on the WAP application.

3.2 Client Prioritization

In accordance with [10 CFR 440.16](#), IHCD prioritizes five at risk household categories:

- **Elderly:** Person who is 60 years of age or older
- **Disabled:** Person who is handicapped as defined in Section 7(6) of the Rehabilitation Act, Section 1614(a)(3) or Section 224(d)(1) of the Social Security Act, Section 102(7) of the Developmental Disabilities Services and Facilities Construction Act, or receiving benefits under USC Title 38 Chapter 11 or 15
- **Children:** Person under the age of 18
- **High Energy Use:** Low-income household whose residential energy expenditures exceed the median level of residential expenditures for all low-income households in the State
- **High Energy Burden:** Low-income household whose residential energy burden (residential expenditures divided by the annual income of the household) exceeds the median level of energy burden for all low-income households in the State

The WAP Database provides an automatic household risk score based on information entered by the subrecipient. Priority must be given to units with the highest household risk score insofar as contacting clients on the waitlist to schedule services. Units with the same household risk score will be prioritized on a first come first serve basis.

Native Americans are served in the general population and will be eligible to receive benefits equivalent to the assistance provided to other low income persons living in Indiana.

3.3 Household Member Requirements

Eligible household members must be United States citizens, US, Nationals, or qualified non-US citizens (aliens) as defined by [8 USC 1641\(b\)](#). Applicants submitting Social Security Cards will not have to submit any other kind of proof of citizenship or qualified alien status. Persons who are not citizens or qualified

aliens are considered to be ineligible household members. Ineligible household members living with eligible household members do not disqualify the family from receiving assistance.

3.4 Dwelling Types

Subrecipients may weatherize the following owned or rented structures known as dwelling types:

- Single-Family/Site Built
- Mobile Homes /Manufactured Housing
- Multi-Family Buildings
- Shelters

If the property has a land contract, it must be recorded with the assessor's office to be considered valid. If valid, then the land contract can be treated as if the client has a mortgage on the unit. The client would be considered a homeowner.

Shelters

A shelter is considered a building whose principal purpose is to house individuals on a **temporary** basis, who may or may not be related to one another, and who are not living in nursing homes, prisons or other similar institutional care facilities. An application and eligibility determination are not required for shelters. Each completion should be counted as "data unavailable" when reporting income categories and demographics to the Statewide WAP Database. Units in a shelter may be counted in the following ways:

- Each 800 square feet of living space within the shelter may be counted as a unit
- Each floor of the shelter may be counted as a unit

An individual file must be kept for the shelter project. This file must contain:

- Shelter's mission statement
- Dwelling type
- Recommended Measures and Audit Data Reports
- All other applicable documents

Multi-Family Buildings

A multi-family building is considered any residential building containing two or more units ([WPN 22-12](#)).

The different types of multi-family building are as follows:

- **2-4 unit:** residential buildings with fewer than 5 units
- **Low-rise:** residential buildings with 5-24 units that are 3 stories or fewer
- **Large:** residential buildings with 25+ units or are more than 3 stories

To be weatherized, the below percentage of units in certain multi-family buildings must either meet eligibility requirements or become eligible within 180 days of the Eligibility Date, as per [10 CFR 440.22\(b\)](#):

- 50% of units in a 2-4 unit multi-family
- 66% of units in a low-rise or large multi-family

See the following for policy on multi-family buildings

- Low-Rise Multi-Family Policy & Procedure Manual
- Large Multi-Family Policy & Procedure Manual

3.5 Rental Units

Rental units are eligible for weatherization per [10 CFR 440.22](#). As defined by [10 CFR 440.3](#), a rental unit is a unit occupied by a person who pays rent for the use of the unit. Subrecipients must have a Landlord Agreement, landlord contribution policy, and monthly rental amount documentation in place before weatherization activities may be performed. The Landlord Agreement must include the following:

- Monthly rental amount for the applicable unit
- Written permission from owner or their legal managing agent
- Unit will not be subject to a rent increase due to weatherization for 12 months after completion

- No undue or excessive enhancements to the value of the unit
- Benefits of the services accrue primarily to the tenant residing in the unit
- Landlord contributions will be expended in accordance the agreement between the landlord and the WAP Statewide Database's Landlord Agreement Form

Landlord contribution policy must include the following:

- Landlord contribution is not to be counted as program income
- Must be applied to the unit being weatherized

Monthly rental documentation may be fulfilled in the following ways

- Amount included in the Landlord Agreement
- A recent cancelled check made payable to the landlord

Subrecipients are required to develop a written tenant appeals process for breach of landlord agreement to the weatherized units. The process must include methods for the following:

- Tenants filing complaints
- Landlord response to the complaints
- Landlord demonstration of actions related to matters outside of weatherization work

Subrecipients are not required to place liens on rental property that has been weatherized, but must ensure protection of the low-income unit from improper eviction or sale of property. Subrecipients must be aware of the legal protection available and be prepared to make appropriate referrals when necessary.

3.6 Previously Weatherized Units

If a unit was previously weatherized under a federal program, the unit may not be eligible for weatherization for a specific period of time after the QC Inspection Pass Date. Units that have been previously weatherization may receive non-weatherization assistance and services under other Federal programs or non-Federal sources.

If there are no documented, verbal, visual, or physical evidence of previous weatherization services, the subrecipient may proceed with weatherization services on the unit. If the subrecipient suspects, or has evidence that the unit may have received weatherization previously, the subrecipient must check with the local agency that has historically provided weatherization services in the area to inquire about any records pertaining to the address.

Once a unit elapses the specific time period after the QC Inspection Pass Date, it may receive reweatherization services. The two reweatherization types are the following:

- DOE/IJJA-funded reweatherization
- LIHEAP-funded reweatherization

DOE/IJJA-Funded Reweatherization

No units may receive any DOE/IJJA-Funded reweatherization services for **15 years** after the QCI Pass Date of the previous weatherization. The following actions must be taken on each unit prior to weatherization services to ensure that unit that have received weatherization services are not re-weatherized:

- Each client's address must be checked in the WAP Statewide Database for previous weatherization within 15 years.
- Each client must be asked whether their unit has been weatherized within 15 years.
- A visual inspection of each unit must be performed by an energy auditor to identify if previous weatherization measures have been performed.

LIHEAP-Funded Reweathering

No units may receive any LIHEAP-Funded reweatherization services for **5 years** after the QCI Pass Date of the previous weatherization. The following actions must be taken on each unit prior to weatherization services to ensure that unit that have received weatherization services are not re-weatherized:

- Each client's address must be checked in the WAP Statewide Database for previous weatherization within 5 years.
- Each client must be asked whether their unit has been weatherized within 5 years.
- A visual inspection of each unit must be performed by an energy auditor to identify if previous weatherization measures have been performed.

Section 4: Program Management

4.1 Activities

Each unit that receives weatherization will have measures installed that are specific to the needs of the unit; the process by which those measures are determined is outlined within the DOE-approved Energy Audit Tool or the Region 3 DOE-approved Priority List. An Energy Audit or use of the Priority List is required prior to any weatherization work. The following activities are expected to be completed on every unit that is weatherized:

- Pre-Audit Walkthrough, when applicable
- Energy Audit (EA) or Priority List
- Weatherization Work
 - Health & Safety Measures (H&S)
 - Energy Conservation Measures (ECM)
 - Deferral Remediation Measures (DRM)
 - Incidental Repair Measures (IRM)
- Interim Inspection, when applicable
- Quality Control Inspection (QCI)
- Client Education (see T&TA Plan)

Clients must review and sign the Client Consent Form, Radon Informed Consent Form, and the following EPA documents before any weatherization activities may be performed on the unit:

- *Renovate Right: Important Lead Hazard Information for Families, Childcare Providers, and Schools.*
- *Mold, Moisture, and Your Home*
- *A Citizen's Guide to Radon*

Pre-Audit Walkthrough

An assessment of the applicant's unit to ensure it is in good condition to participate in the program. This may include determining the habitability and the ability to perform work on the unit. A deferral or denial may be recommended to the WAP Manager based on the Pre-Audit.

Energy Audit

An evaluation of the ECM and H&S needs of a unit, including the conducting of field measurements and diagnostic testing. The EA produces a Work Order based upon the information gathered to direct the work and installed measures for units to be weatherized. Energy Audits must be conducted according to the DOE-approved Energy Audit tool for the associated housing type. The unit must be completed at least 12 months after the Energy Audit has been completed.

Priority List

The Energy Auditor may utilize a Priority List (PL) in place of conducting the Energy Audit for the associated dwelling type. If the Energy Auditor determines the need for ECMs not included in the PL, or if the unit does not meet the requirements of the PL, a site-specific Energy Audit is required. A unit using DOE/BIL funds must install all ECM and H&S measures called for in the PL. A PL may be used in the following dwelling types, as outlined in [WPN 22-8](#):

- Site Built/Single-Family
- Manufactured/Mobile Home
- Low-Rise Multi-Family

All jobs utilizing a Priority List must complete and retain the following forms:

- Form A (Region 3 Checklist)
- Form C (Combustion)
- Form H (H&S)

A mandatory measure may only be skipped if it is physically impossible to install. Optional measures may only be installed if all other applicable mandatory measures are installed. Any mandatory measure

determined to be not applicable must have photographic evidence documented in the client file for reason of exclusion. Activities and costs for these measures will be reviewed during monitoring.

Weatherization Work

Activities performed in the unit during the process of weatherization, divided out into individual measures. Purchases charged will be at their actual prices after deducting all cash discounts, trade reimbursements, discounts or rebates and allowances. Outlined below are specific requirements that apply to the different measure types:

- Energy Conservation Measure (ECM)
- Health & Safety Measure (H&S)
- Incidental Repair Measure (IRM)
- Deferral Remediation Measure (DRM)

Energy Conservation Measure (ECM)

Measures that are installed to a building that improve energy efficiency and are life cycle cost effective and that involve energy conservation, improvements in operations and maintenance, or retrofit activities. These are the measures from which the base of weatherization occurs, thus making them required for a unit to be considered a completion. Costs associated with ECMs are as follows:

- **ECM Labor Costs:** Cost of the installation by a WAP Professional
- **ECM Material Costs:** Material cost of installation.

The following ECMs are Major Measures that must never be skipped:

- Air sealing
- Duct sealing outside the thermal boundary
- Thermal boundary insulation (attic, wall, floor/belly, foundation, sill, etc.)

Health & Safety Measure (H&S)

Measures that eliminate certain health and safety hazards prior to installation of weatherization materials. Costs associated with H&S are as follows:

- **H&S Labor Costs:** Cost of the elimination of hazard by a WAP Professional
- **H&S Material Costs:** Material costs of elimination

The Health & Safety Plan details how H&S measures will be utilized per [WPN 22-7](#).

Incidental Repair Measure (IRM)

Measures that are minor repairs necessary for effective performance or preservation of ECM materials and may be billed to any ECM line item. The ECMs that require IRMs must be documented in the client file. The total cost of IRMs is added to the measure cost package to calculate whole unit Savings Investment Ratio (SIR). Health & Safety measures that are identified as IRMs must never be applied to the Health & Safety budget category. WAP funds cannot be used to install IRMs deemed necessary before the Energy Audit is performed. Costs associated with IRMs are as follows:

- **IRM Labor Costs:** Cost of the repairs by a WAP Professional
- **IRM Material Costs:** Material costs of repair

WAP funds cannot be used to install IRMs deemed necessary **before** the Energy Audit is performed.

Deferral Remediation Measure (DRM)

Measures that remediate an issue that prevents weatherization and is outside the scope of energy related hazards. Only deferral remediation funding may be utilized to remediate deferral issues so that a unit may be weatherized. Costs associated with DRMs are as follows:

- **DRM Labor Costs:** Cost of the remediation of issue by a WAP Professional
- **DRM Material Costs:** Material costs of remediation

Interim Inspection

Inspection to evaluate and determine standards are met in a certain stage of weatherization activities before moving on to the next stage. Must be performed by an independent Energy Auditor, QCI, or Retrofit Mechanical Installer. Must include applicable notes in the appropriate forms if the Inspection passes or fails. There are four types of Interim Inspection:

- Health & Safety Interim Inspection
- LIHEAP Support Bridging Interim Inspection
- Deferral Remediation Interim Inspection
- Invoice Payout Interim Inspection

In the event a bridged unit later fails the QC Inspection, any measures that were a part of the bridged portion must be addressed using non-federal agency funds.

Health & Safety Interim Inspection

Interim inspection to ensure unit is ready for installation of ECMs. Required when the unit is using gas appliances or has health and safety hazards that will be exacerbated by installation of ECMs. May be used in place of a LIHEAP Support Bridging Interim Inspection only if the LIHEAP Support was utilized to eliminate health & safety hazards.

LIHEAP Support Bridging Interim Inspection

Interim inspection to ensure applicable IRMs, ECMs, and H&S measures under a bridged LIHEAP Support unit were properly performed. Required only for the bridged LIHEAP Support portion of the unit to be counted as a completion during LIHEAP closeout. A Health & Safety Interim Inspection may be used in place of a LIHEAP Support Bridging Interim Inspection only if the LIHEAP Support was utilized to eliminate health & safety hazards.

Deferral Remediation Interim Inspection

Interim inspection to ensure all deferral issues were remediated before moving on to any H&S measures, IRMs, or ECMs. Required for all units remediating deferral issues.

Invoice Payout Interim Inspection

Interim Inspection to ensure all weatherization activities were properly performed before any invoices may be paid out. Required only when the invoice will be paid before the QC Inspection has taken place.

Quality Control Inspection

Inspection to evaluate all work performed and confirm it was completed to all applicable work and workmanship standards for all installed measures. All weatherization work must be verified by a Quality Control Inspector (QCI) in order for the unit to be considered complete. Subrecipients are required to ensure that each weatherization completion receives an appropriate and properly executed QC Inspection. The following processes must be followed for all QCI, as per [WPN 22-4](#):

- Must clearly define separate duties between Energy Auditor and QCI with no crossover of responsibilities and tasks
- QCI must not be involved in the decision-making process of work performed in the unit
- Additional work or rework must be brought to the attention of the WAP Manager or Energy Auditor and not handled by the QCI

All compliance issues found with QCIs are subject to IHCD review and may result in the QCI not being allowed to perform inspections for Indiana WAP. Incorrectly processed QCIs may result in the associated completion being considered unallowable, and the subrecipient will be considered out of compliance.

Subrecipients are only permitted to conduct further work on a unit after the QCI pass date when a rework is determined by IHCD. If a unit has received work between this period, an additional unit will be selected for review and claimed costs will be required to be returned.

Standard QCI

A Standard QCI is an individual who has not had involvement in the prior work of the unit they are inspecting; the role and scope is further defined under WPN 22-4. This QCI role does not require IHCDCA approval. IHCDCA will monitor 5% of unit completions for subrecipients who have this type of QCI.

Nonstandard QCI

A nonstandard QCI is an individual who has had involvement in the prior work of the unit they are inspecting; roles may include: WAP Managers, Energy Auditors, and Crew Leaders. Subrecipients must request IHCDCA approval to use this type of QCI. IHCDCA will monitor 10% of unit completions for subrecipients who have this type of QCI.

Additional documentation may be required by IHCDCA if necessary, including the independent status of the Quality Control Inspector and any involvement of the QCI in the Energy Audit process.

Client Refusal to Sign

A unit can be counted as a completion, with approval by IHCDCA, should a client refuse to sign off on a completed and correct QCI. Subrecipients must upload information to the WAP Database and provide IHCDCA with the job information for approval via ixx@ihcda.in.gov.

Failed QCI

If a QCI and a subrecipient cannot come to a mutual agreement regarding a failed QCI, a neutral third party QCI must be utilized to make the final determination. The neutral Inspector:

- Must not be an employee of the subrecipient
- May be an employee of another subrecipient
- May be an employee of a subcontractor not associated with the subrecipient

4.2 Declined Units

Subrecipients may determine that a unit is unsuitable for weatherization services at any time during the process of weatherization. At the stage of determination, the subrecipient must inform the client the decision to decline services, and all declinations must be entered through the WAP Database. A Pre-Auditor, Energy Auditor, HVAC Professional, Crew Leader, and QCI have the authority to recommend declination to the Program Manager, who will make the final decision to decline. There are two ways to decline a unit:

- **Deferral:** Unit has issues that can be remediated
- **Denial:** Unit has issues that cannot be remediated

A unit must either be deferred or denied when the decision to decline services has been finalized. The client must be provided written notification of the deferral or denial within 10 business days of the decline date, in compliance with [WPN 22-7](#). A copy of the written decline notification must be in the client file, uploaded to WAP Statewide Database. The notification must be comprised of the following:

- One of the Appendix R letters, listing issues leading to the deferral or denial
 - Appendix R-1 Deferral Letter
 - Appendix R-2 Denial Letter
- Moisture and Home Assessment Form signed
- Photographs of the decline issues
- Actions and timeline required by client to receive weatherization services
- Applicable client education for decline issues
- Appeals process for client to follow should they wish to pursue

Weatherization may not be denied based on the utilities not being in the occupant's name. Utilities under the name of an individual besides the homeowner does not replace the energy burden placed on the applicant. In the case of rental-occupied units, agreements with the landlord are needed to guarantee the accrual of benefits from the weatherization services are transferred to the tenant.

The costs associated with a declined unit are allowable expenses for DOE, IJJA, and LIHEAP jobs. Subrecipients must document on the invoice all charges for the declined unit, and must not count the unit as a completion. These costs must be reported to the WAP Statewide Database. IHCD reserves the right to request repayment of funds received for deferral or denial expenses. Historic Preservation is not a cause for declining a unit.

Deferral

A unit that is deferred has issues that are outside the scope of WAP, but can be remediated using DRMs and deferral remediation funding. All Weatherization Work must be postponed until the deferral issues have been remedied by the client or subrecipient. Deferral reasons include, but are not limited to, the following issues and underlying conditions within the unit:

- Roof repair
 - Mold/moisture
 - Sewage
 - Pest infestation
 - Prohibits effective weatherization
 - Structurally unsound
- Wall repair
 - Mold/moisture
 - Sewage
 - Pest infestation
 - Prohibits effective weatherization
 - Structurally unsound
- Ceiling repair
 - Mold/moisture
 - Sewage
 - Pest infestation
 - Prohibits effective weatherization
 - Structurally unsound
- Floor repair
 - Mold/moisture
 - Sewage
 - Pest infestation
 - Prohibits effective weatherization
 - Structurally unsound
- Foundation or Subspace repair
 - Mold/moisture
 - Sewage
 - Pest infestation
 - Prohibits effective weatherization
 - Structurally unsound
- Exterior Drainage repair
 - Mold/moisture
 - Sewage
- Plumbing repair
 - Mold/moisture
 - Sewage
 - Pest infestation
- Electrical repair
 - Prohibits effective weatherization
 - Safety hazard
- Remediation beyond WAP
 - Mold/moisture
 - Sewage

- Suspected Asbestos Containing Materials
- Lead paint
- Pest infestation
- Clutter restricting access to necessary areas

Subrecipients are expected to pursue funding resources to reduce the occurrence of deferrals, including established referral communication with other funding sources. If remediation funds are utilized, an inspection on the unit must be performed to ensure all deferral issues have been addressed and the unit is weatherization ready. Deferral remediation funds must not be used to perform the following:

- Help maintain the average cost per unit of the traditional Weatherization grants.
- As a “buy down” to enhance other measures.
- As a substitute for traditional weatherization mechanical expenses.
- As an emergency “no heat” program.

Denial

A unit that is denied has issues that are outside the scope of WAP, and cannot be remediated using DRMs and deferral remediation funding. Denial reasons include, but are not limited to, the following issues within the unit:

- Potential Negative Health Impact
- Inaccessible Crawl
- Refusal of ASHRAE
- Refusal to Remove Unsafe Appliances
- Refusal of Measure Installation
- Illegal Activity Concerns
- Threatening or Uncooperative
- Building for Sale or Foreclosure
- Building Condemned
- Remodeling Prohibits Wx
- Applicant is deceased
- Household doesn't match Application
- Previously Weatherized
- Multi-Unit
- Weatherization Activities Would Violate Code Compliance

4.4 Rework

Additional work on the unit required after deficiencies with the installed measures were found after the QCI was signed and unit counted as a completion. Subrecipients must receive IHCDCA approval before rework on a unit may proceed. IHCDCA may require a rework as a direct response to response to monitoring findings or concerns, and rework will only apply to specific measures in the monitoring that had issues. Performing activities such as routine maintenance, repairs, or warranty-type work is not permitted using DOE or IIJA funds. If subrecipients install measures which could fail shortly after installation, subsequent failures must be addressed by the subrecipient either through a release of liability for those types of issues, or through non-DOE/IIJA funding.

Subrecipients should seek guidance from the following neutral third parties in the case of a disagreement regarding defects being caused by improper weatherization services:

- Third party QCI who did not perform the QCI
- IHCDCA staff
- IHCDCA contracted monitors
- WAP Training Provider

4.5 Warranty

All warranties must be in compliance with the SWS/DOE requirements. Subrecipients must ensure occupants are aware of the warranty and maintenance agreement options from the manufacturer. Any defects caused by improperly performing weatherization measures found within the warranty period must be remedied without charge and within a reasonable period. Warranties do not extend to measures that a client has altered after the final Quality Control Inspection.

Any defects found outside the warranty period are the sole responsibility of the client. If a Provisional Closeout has been given, no warranty can be issued or guaranteed. This warranty should not be considered to cover equipment failure caused by failure to perform normal maintenance, abuse or external causes beyond the control of the subrecipient or their contractors.

4.6 Fuel Switching

Subrecipients are allowed to change or convert a fuel source on furnaces or appliances on a limited, case-by-case basis, per [WPN-23.6](#). Subrecipients must receive approval from IHCD to perform a fuel switch. Weatherization work on the unit must not continue until written fuel-switch response is issued by IHCD. IHCD's response must be placed in the client file, whether the request was approved or not. Each request must be submitted via e-mail and contain the following documentation:

- The reason(s) the fuel switch is needed
- The current fuel source
- The new or different fuel source
- Combustion Air Zone (CAZ) testing results
- Draft testing results where applicable and digital photographs where possible
- The cost to the client based on the switch to new utility versus the cost with replacing the install
- The proposed funding source for switching the unit

DOE-Funded Fuel Switching

DOE-funded fuel switches must follow DOE rules for approval from IHCD and DOE; any other funding source used for fuel switches requires approval from IHCD. If a subrecipient determines the need to install a heat pump, as a fuel switch or otherwise, outside of DOE's SWS "Energy Star Certified or Equivalent" rating, they may do so with funding other than DOE with approval from IHCD.

4.7 Dispute Resolution & Appeals Process

Clients may submit an appeal if they are dissatisfied with the weatherization activities performed in their unit after it is completed, or to dispute issues causing a deferral or denial. If the appeal is for dissatisfaction with weatherization activities, it must be submitted within the one-year warranty period. An appeal must begin with local review before a client can submit it for state review.

Local Review

Client must send their written appeal to the local subrecipient's WAP Manager or Executive Director within 30 days of receipt of the deferral/denial. The subrecipient's WAP Manager or Executive Director will determine the applicant's eligibility within 10 business days of receipt of the written appeal. All appeal documentation must be saved in the client file and IHCD's WAP Manager must be notified of denied appeals. The final determination for the appeal must be sent to the client in writing by the subrecipient's Executive Director.

State Review

If the client is not satisfied with the subrecipient's determination, they may submit a written appeal to IHCD's Director of Energy & Utility Programs for formal review. Client must send their written appeal within 30 days of receipt of the subrecipient's appeal determination. The subrecipient may submit this appeal on behalf of the client, or the client may submit it directly to IHCD. The appeal must include the stated reasons for the client's objection to the subrecipient's decision. Reasons must be based solely on evidence supporting one of the following circumstances:

- Clear and substantial error or misstated facts which were relied on in making the decision

- Unfair competition or conflict of interest in the decision-making process
- An illegal, unethical, or improper act
- Other legal basis that may substantially alter the decision

All pertinent material from the case will be requested from the subrecipient by IHCD in order to make a determination. The applicant, as deemed appropriate, will have the opportunity to review all documentation submitted to IHCD from the subrecipient.

The Director of Energy and Utility Programs will send written acknowledgement of the appeal within 5 business days of receipt of the written appeal, and will note the day the appeal was received. The Director will have 30 days from receipt of the written appeal to review, file, and make a determination. The decision from the Director is final.

4.8 Client File

The Client File is the body of documentation verifying all weatherization activities and expenditures conducted on a unit. A client file is required for all units that have any weatherization activities performed on them. The client file must contain, **as applicable**, the following documentation:

- Approved Client Application (see **Section 3.1**)
- Client Consent Form (see **Section 4.1**)
- Radon Informed Consent Form (see **Section 4.1**)
- Landlord Agreement (see **Section 3.5**)
- Work Order (see “Energy Audit” and “Priority List” under **Section 4.1**)
- Deferral Letter (see **Section 4.2**)
- Denial Letter (see **Section 4.2**)
- Health Screening Form (see **Health & Safety Plan Section 5**)
- Moisture Assessment Form (see **Health & Safety Plan Section 6.12**)
- Zero Income Affidavit (see “Zero Income Clients” under **Section 3.1**)
- Daily Safety Test Out Form (see **T&TA Plan Section 3**)
- HVAC Load Calculation (see **Health & Safety Plan Section 6.1**)
- Heating System Form (see **Health & Safety Plan Section 6.1**)
- Gas Cook Stove Inspection Form (see **Health & Safety Plan Section 6.8**)
- ASHRAE 62.2 Module (see **Health & Safety Plan Section 6.17**)
- Lead Renovation Recordkeeping Checklist (see **Health & Safety Plan Section 6.11**)
- Quality Control Inspection Form (see **Section 4.1**)
- Fuel Switch Response (see **Section 4.6**)
- SHPO Review Request Form & Approval Letter (see **Section 5.6**)
- Client Warranty (see **Section 4.5**)
- Invoices for weatherization activities completed (see **Section 7.1**)
- A copy of the certificate of insulation placed in the unit and signed by the Crew Leader
- List of all subrecipient WAP Professionals who worked in client’s unit

The Home Heating Index (HHI) Tool is only required to be included in the client file if the subrecipient opts to use it for billing analysis on costs.

Section 5: Service Provisions

5.1 Award Cost Requirements

All federal grants must follow [2 CFR 200 E](#). A cost is allocable to a particular Federal award if it meets the standards below:

- Cost is specifically for the Federal award
- Benefits both the Federal award and other work of the non-Federal entity
- Can be distributed in proportions that may be approximated using reasonable methods
- Necessary to the overall operation of the non-Federal entity
- Assignable in part to the Federal award

A cost allocable to a particular Federal award may not be charged to other Federal awards to overcome fund deficiencies, avoid restrictions imposed by Federal law, or circumvent the terms and conditions of the Federal award.

A cost legitimately allowed under more than one federal grant may be split and shared between awards, but must be allocated to the awards based on proportional benefit. If the proportional benefit cannot be determined because of the interrelationship of the work involved, the costs may be allocated or transferred to benefitted awards on any reasonably documented basis.

Costs are assignable to the Federal award in instances where the purchase of equipment or other capital asset is specifically authorized under the award. This allowance is regardless of the use when no longer needed for the purpose of which it was originally required when purchasing.

5.2 Program Income

Weatherization Program Income is any amount of funds earned by subrecipients from non-Federal sources while performing weatherization work. Program Income must be used in accordance to [2 CFR 200.307](#) and must be utilized within 12 months of when they were earned. The amount received and

expended must be detailed in the subrecipient Closeout Form for the Period of Performance of the associated WAP Award. Program Income may be braided with weatherization funds.

Fund sources for Program Income include but are not limited to the following:

- Funds from payments of principal and interest
- Funds from fees or services provided (including rental of weatherization equipment and vehicles and staff wages and applicable charges)
- Funds from the use of rental or real property acquired with grant funds.
- Funds from the sale of commodities or items fabricated under a grant agreement (i.e., vehicle)

Landlord contributions are not considered Program Income.

5.3 Conflict of Interest

Subrecipients must not participate in any activities that involve a conflict of interest. This includes any inappropriate financial, personal, or incentive beyond the production of a report that clearly, completely, and usefully reflects the conditions observed during the audit. Subrecipients must avoid the appearance of a conflict of interest and disclose all potentially questionable associations and relationships in advance to IHCD.

Subrecipients shall not have any arrangements whereby any compensation or future referrals are influenced by any WAP activities performed. Compensation includes direct and indirect pay as well as substantial gifts or favors. Subrecipients shall not accept any form of compensation for recommending products or services to clients or other parties who have an interest in the WAP activities.

5.4 Document Retention

Subrecipients must retain and maintain all records 3 years after the submission of the final financial report for the grant, as outlined in [2 CFR 200.334](#). The records under this retention policy include, but is not limited to, the following:

- Financial and Programmatic records
- Supporting documents
- Statistical records

The following specified items are subject to certain additional retention requirements:

- Records under litigation, claims, or audit findings must be retained until the final action of these activities, even when extending beyond the 3-year period
- Records for Program Income must be retained 3 years after the subrecipient's fiscal year in which the Program Income was earned
- Records for indirect cost rate, cost allocation plans, or any similar accounting computations must be retained dependent on the status of negotiation
 - If submitted for negotiation, retain for 3-year period after date of submission
 - If not submitted for negotiation, retain for 3-year period after end of fiscal year

The specified retention periods do not apply to records transferred by agencies to the Federal government. Requests by the Federal government for records to be extended in retention must be followed.

The proper disposal of documentation and information is one that is reasonable and appropriate to prevent any unauthorized access, including the following:

- Burn, pulverize, or shred documents so they cannot be read or reconstructed
- Destroy or erase electronic files so they cannot be read or reconstructed
- Conduct due diligence and hire a document destruction contractor to dispose of PII

5.5 Background Check

Subrecipients must ensure all WAP Professionals undergo background check before they may conduct any weatherization activities. Subrecipients are responsible for developing their own background checks and screening the background checks of their subcontractors. Subrecipients and subcontractors will be held liable for any injuries or damage resulting from the individual if the following are found regarding the background check:

- Background check was not conducted
- Rendered a false positive determination
- Failed to reasonably interpret findings of the check

Subrecipients must provide immediate written notice to IHCD if a determination of the background check was found to be erroneous or has changed by reason of changed circumstances.

5.6 Historic Preservation Review

Subrecipients are responsible for Section 106 of the National Historic Preservation Act (NHPA) and for referring units that may be covered under the NHPA to IHCD. IHCD will submit these units to the State Historic Preservation Office (SHPO) for review. Subrecipients must document the Historic Preservation status of all units. Upon completion of the Energy Audit, and before weatherization work begins, the subrecipient must compare measures planned on units **older than 45 years old** with the exempt measures list in the Programmatic Agreement Appendix A or B between IHCD and SHPO. Mobile and manufactured units are exempt from SHPO Review.

If the unit has planned measures that are not exempted, the subrecipient must submit the Appendix HP-2 Indiana Wx Historic Preservation Form to IHCD for Section 106 Review. Subrecipients must use due diligence to provide documentation of the existing historical information of the property. A copy of the [State Historic Architectural and Archaeological Research Database \(SHAARD\)](#) register of the property is required, if available. The register may also be found through the [Indiana Historic Buildings, Bridges, and Cemeteries \(IHBBC\)](#) map. In the event a register cannot be found for the property, subrecipients must provide a screenshot of the property from the IHBBC map.

No weatherization work may begin in a until a determination of approval has been made. Per the Programmatic Agreement, if SHPO fails to comment within 30 days of IHCD's submitted review request date, IHCD may approve the unit to proceed and assume SHPO's concurrence. In the event that SHPO objects to the unit, the job will be referred to DOE for final determination. All documentation and forms verifying the determination must be maintained in the client file for 3 years after unit completion.

If replacing like-with-like, even when visible from the public right-of-way, a SHPO review is not required (see [WPN 10-12](#) and [WPN 19-6](#)).

5.7 Protection of Personally Identifiable Information

Pursuant to [5 USC 552\(b\)\(6\)](#) of the Freedom of Information Act, subrecipients are required to keep confidential any personally identifying information (PII) related to an individual's application, eligibility, or participation in WAP. This includes, but is not limited to, the individual's name, address, social security number, birth date, and income information. Subrecipients may release information about clients in the aggregate and which does not identify specific individuals. IHCD approval is required before providing any PII utility program, study, or entering into a third-party agreement.

5.8 Required Subrecipient Information

The following information is required for subrecipients who participate in WAP:

- Authorized Signature Form
- Direct Deposit Form
- W9 Tax Form
- Unique Entity Identifier (UEI) number

Authorized Signature Form

Person(s) authorized to sign grant agreement and claims must be notarized for each signer. For all forms and agreements, the signature must be one of the subrecipient's "Authorized Signatures" and approved on IHEDA Authorized Signature Form. If the person approved as the Subrecipient's authorized signature leaves or becomes ineligible to represent the organization, a new form must be submitted and approved before the person's signature can be accepted and the form is processed.

Subrecipients may use a pre-saved signature or template signature for signing. Pictures or screenshots of a signature are not allowable, and the document will not be considered signed.

5.9 Buy America Preference

Pursuant of the Buy America Preference (BAP), federal funds may not be used for a **unit that is a part of public infrastructure** (as defined by the US Office of Management and Budget) unless all iron, steel, manufactured products, and construction materials **used in the project** are produced in the United States. The Subrecipient must ensure that the BAP flows down to any subcontracts executed. The BAP terms and conditions must be included all subcontracts, and purchase orders for work performed under the unit. The BAP applies only to items that are incorporated into and permanently affixed to the unit.

Section 6: Funding

6.1 Production Cost Categories

Subrecipients may claim the following cost categories as they apply to specific weatherization work, and must report these costs to the WAP Database.

- Labor cost
- Material cost
- Overhead cost

Costs accrued and associated with work on a unit before it is declined may be claimed only after approval of a Provisional Closeout. These costs are not to be associated with deferral remediation costs to bring a unit out of deferral.

Labor Cost

Costs for any subrecipient or contractor staff whose work is tied to a unit completion. Where employees work on multiple activities, a distribution of their salaries or wages must be supported by equivalent documentation of the activity percentage of work by the employee. Examples of eligible costs include:

- Pre-Audit Walkthrough
- Energy Audit
- Weatherization Work
- Interim and QC Inspection
- Fringe Benefits
- Client Education (see T&TA Plan and H&S Plan)

Material Cost

Costs of materials installed during weatherization work, including the following costs:

- Warehousing facility (leases, utilities, security)

- Transportation of material and staff to work site
- Vehicle maintenance
- Inventory control
- Consumable supplies (used during weatherization work and not usually left in the unit; batteries, protective suits, masks)

Overhead Cost

Costs of rent, utilities, advertising, consumable office supplies, office equipment, furnishings, and computer equipment that apply to weatherization in direct support of unit completion. These costs are defined by the subrecipients cost allocation plan.

6.2 Funding Sources

IHCDA acts as the Recipient, receiving funding from Grantors, and allocating this funding to the Subrecipient Network. The current funds from Grantors are:

- **DOE**, sourced from Department of Energy (DOE), annual formula funds
- **IIJA**, sourced from DOE, statutory funds
- **LIHEAP**, sourced from Health & Human Services (HHS), part of the allocation of IHCDA's EAP Department

DOE, IIJA, and LIHEAP operations are all subject to an Average Cost Per Unit (ACPU). Expenditures provided under weatherization cannot exceed the established ACPU and percentage cap limits. All services must be rendered, and materials received within the allowable Performance Period.

DOE Funding

DOE funds have three Allocation Categories: **Program** funds, **T&TA** funds, and **Weatherization Readiness Funds**. The funding amounts in each category are predetermined and cannot be modified from one to the other.

Program funds are further broken down into the following budget categories:

- Administration
- Liability Insurance
- Financial Audit
- Energy Audit
- Inspection
- Base Program Operations
- Health & Safety

All budget category amounts in the Program funds may be modified at the subrecipient's request and IHCDA approval. The percentage of Administrative funds used, relative to the award size, must not exceed the allowable maximum.

All DOE completions are counted as Base completions. When DOE funds are invoiced on a unit, all weatherization work and the Quality Control Inspection must be completed by June 30 of the current DOE Program Year.

Administration

Fiscal, executive, and other supportive operation staff engaged in program administration. The maximum allowable percentage of Administration expenditures is 10% of Total Grant amount.

Financial Audit

Audit conducted in accordance with Subrecipient's cost allocation plan.

Liability Insurance

Insurance coverage of at least \$1,000,000 covering the risks related to the property and personal liability claims of other parties against the insured party. Pollution Occurrence Insurance is recommended but not required for subrecipients who contract out Lead and Asbestos remediation.

Energy Audit

Conducting audits, pre-audit walkthroughs, or use of priority list that result in calling for materials in Appendix A or DOE-approved energy audit protocol. Subrecipients must use the approved Energy Audit tool for the associated housing type to calculate the savings-to-investment ratio. Energy Audit runs must have a cumulative SIR of or greater than 1. Allowable costs include:

- Salaries
- Fringe Benefits
- Travel (mileage, lodging, and per diem)

Inspection

Interim and QC Inspection assessing the energy audit, field site data, software inputs, and measures called for. Allowable costs include:

- Salaries
- Fringe Benefits
- Travel (mileage, lodging, and per diem)

Base Program Operations

Installation ECMs and repairing IRMs to complete of a unit. Installed ECMs must be called for either in the Energy Audit or the Priority List. A minimum combined total of \$100 in labor and material expenditures is required, and must pass QCI, in order for it to be considered complete. Allowable costs include:

- Labor, Material, and Overhead
- Fringe Benefits
- Costs accrued preceding Provisional Closeouts, Deferrals, or Denials

The maximum allowable ACPU is \$8,450

Health & Safety

Elimination of H&S hazards prior to installation of ECM materials. H&S hazards must be identified in the Energy Audit or the Priority List to be eligible.. Allowable costs include:

- Labor, Material, Overhead
- Fringe Benefits
- Costs accrued preceding Provisional Closeouts, Deferrals, or Denials

The maximum allowable percentage of Health and Safety expenditures is 25% of total Base expenditures.

T&TA

Costs for training and/or technical assistance given to staff and contractors who are directly performing weatherization work. Allowable costs include:

- Class fees
- Material fees
- Written and Field testing
- CEU events
- Approved conferences and trainings
- Wage/time reimbursement for trainings
- IHEDA-Approved WAP Professional Apprenticeship Program
- Travel expenses (including meals, lodging, and per diem)

Subrecipients that use a stipend for contractors and staff must provide training documentation to IHCDCA upon submitting claims for the stipend. Training records must contain clear documentation and verification that the required and appropriate training was attended and completed such as the following:

- Training certificates
- Sign-in sheets
- BPI student portal information.

Requests for stipends to reimburse contractors without an active contract must be reviewed by IHCDCA.

Readiness

Costs for remediated DRM issues prior to performance of any Weatherization work. Remediated DRM issues may be called for by the subrecipient, but must strictly be related to the deferral reason, and not to perform work that would otherwise be covered by ECM, H&S, or IRM costs. A unit in which Readiness funds have been used must result in a weatherization completion. A unit undergoing deferral remediation utilizing Readiness must have all DRMs completed by the end of the DOE Program Year, June 30.

Allowable costs include:

- Labor, Material, Overhead (direct support overseeing a unit completion)
- Fringe Benefits
- Costs accrued preceding Provisional Closeouts or Denials

All remaining Weatherization work must be completed and the job closed by the end of the first Quarter of the following Program Year, September 30. Units utilizing Readiness funding must result in either a DOE or IIJA completion.

The maximum allowable cap of Readiness expenses per unit is \$12,500. This cap may only be exceeded with IHCDCA approval, with requests sent to iwx@ihcda.in.gov. These requests must include:

- Quotes for the work
- Meaningful Photos
- Moisture and Home Assessment Form

IIJA Funding

IIJA funds have two Allocation Categories: **Program** funds and **T&TA** funds. The funding amounts in each category are predetermined and cannot be modified from one to the other. **Program funds** are further broken down into the following budget categories:

- Administration (follows DOE Funding requirements)
- Liability Insurance (follows DOE Funding requirements)
- Financial Audit (follows DOE Funding requirements)
- Base Program Operations (follows DOE Funding requirements)
- Health & Safety (follows DOE Funding requirements)
- T&TA (follows DOE Funding requirements)

All budget category amounts in the Program funds may be modified at the subrecipient's request and IHCDCA approval.

All IIJA completions are counted as Base Program completions. When IIJA funds are invoiced on a unit, all work and the Quality Control Inspection must be completed by June 30 of the current IIJA Grant Cycle.

LIHEAP Funding

LIHEAP funds have one Allocation Category: **Program** funds. **Program funds** are broken down into the following budget categories:

- Administration
- Liability Insurance
- Supplies
- Equipment

- Support Operations
- Capital Intensive Operations

All budget category amounts in the Program funds may be modified at the subrecipient's discretion and IHEDA approval.

All LIHEAP Completions are counted as either Support or Capital Intensive completions. When LIHEAP funds are invoiced on a unit, all work and the Quality Control Inspection must be completed by September 30 of the current LIHEAP program year.

Administration

Fiscal, executive, and other supportive operation staff engaged in program administration. The maximum allowable percentage of Administration expenditures is 7% of Total Grant amount.

Liability Insurance

Insurance coverage of at least \$1,000,000 covering the risks related to the property and personal liability claims of other parties against the insured party. Pollution Occurrence Insurance is recommended but not required for subrecipients who contract out Lead and Asbestos remediation.

Supplies

Supplies are defined in [2 CFR 200.1](#) as all tangible personal property other than those described in the definition of *Equipment*. The acquisition cost must be less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$10,000, regardless of the length of its useful life.

Equipment

Equipment is defined in [2 CFR 200.1](#) as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$10,000.

Support Operations

Costs for installing ECMs, repairing IRMs and eliminating H&S hazards to complete of a unit. Installed ECMs and H&S measures must be called for either in the Energy Audit or the Priority List. A minimum combined total of \$300 in labor and material expenditures is required, and must pass QCI, in order for it to be considered complete. Allowable costs include:

- Labor, Material, and Overhead
- Fringe Benefits
- Costs accrued preceding Provisional Closeouts, Deferrals, or Denials

The maximum allowable average cost per unit is \$9,000.

Capital Intensive Operations

Costs for installing ECMs, repairing IRMs and eliminating H&S hazards to complete of a unit. Installed ECMs and H&S measures must identified in either the Energy Audit or the Priority List. A combined total of \$300 in labor and materials is required, and must pass QCI, in order for it to be considered complete. Allowable costs include:

- Labor, Material, and Overhead
- Fringe Benefits
- Costs accrued preceding Provisional Closeouts, Deferrals, or Denials

The maximum allowable average cost per unit is \$15,400.00.

6.3 Rebates

Rebates are funding from utilities for eligible weatherization activities. Funding from utilities must be used for eligible weatherization activities. Subrecipients must enter the rebate amount spent in WAP Database, where IHCDCA will process and issue funds to the subrecipients. These funds must be used within 12 months from the time they are received.

6.4 Leveraged Funds

IHCDCA does not set aside funds for a leveraging program. Subrecipients may leverage funds against unrestricted or other funds in order to weatherize units.

6.5 Braiding Funds

Subrecipients may braid separate funding sources together to complete a unit. Each unit must only be composed of one standalone budget category when braiding. A standalone budget category can count as a unit completion on its own without additional braiding required. The standalone budget category is what makes a job a completion, and thus one unit must only have one standalone budget category. The current standalone categories are:

- DOE Base
- IIJA Base
- LIHEAP Capital Intensive

The following budget categories may braid together in a **DOE Base completion**:

- DOE Health & Safety
- LIHEAP Support
- DOE Readiness
- Rebates
- Private funding
- Unrestricted Weatherization Improvement funds
- Funds from other approved programs

The following budget categories may braid together in a **IIJA Base completion**:

- IIJA Health & Safety
- LIHEAP Support
- DOE Readiness
- Rebates
- Private funding
- Unrestricted Weatherization Improvement funds
- Funds from other approved programs

The following budget categories may braid together in a **LIHEAP Capital Intensive completion**:

- Rebates
- Private funding
- Unrestricted Weatherization Improvement funds
- Funds from other approved programs

Braiding LIHEAP one Program Year to LIHEAP of another Program Year is **not allowable**.

6.6 Fund Requests

Additional Funds Request

After a subrecipient has received their initial allocation, they may request additional funding from IHCDCA. The subrecipient must have expended 80% of their allocation or completed 80% of their projected unit production benchmark to be eligible for consideration. Requests must be sent via letterhead and should be submitted to ixx@ihcda.in.gov. Subrecipients should include the following in their request:

- An explanation of need for the additional funds.

- Total Allocation requested
- Totals in each Allocation Category requested (Program, T&TA, or Readiness) for the requested Funding Source
- A breakdown of either a budget or explanation of how these funds will be utilized
- Signatures of the subrecipient Wx Manager and subrecipient Executive Director

Subrecipients may only request up to \$500,000 per Additional Funds Request.

Award Open Request

It is possible to have multiple LIHEAP awards active during the LIHEAP Program Year. In order to ensure that the older LIHEAP Awards are spent first, at the start of the LIHEAP Program Year, the newly allocated funding will be set as closed in the claims system. The award will remain closed until the subrecipient either expends or estimates they will expend 90% of their older LIHEAP award. IHCD will open the new award if it is found their old awards are expended to this threshold, otherwise the subrecipient may request the award be opened. Subrecipients must supply the following of the older LIHEAP award in their request.

- Total Budget
- Current Claims Amount
- Current Balance
- Estimated Final Claims Amount
- Estimated Final Balance
- Estimated Date of Final Claim

Section 7: Claims

All claims for Weatherization funding sources must be entered and submitted online via IHCD's claim system, [IHCDOnline](#). Funds will be reimbursed to subrecipients only for authorized expenditures incurred for Weatherization. These expenditures must be in accordance with IHCD and Federal policy as well as [2 CFR 200](#). Each subrecipient must have at least one person authorized registered in the system. There are four types of claims:

- Grantee Payment
- Adjustment
- Repayment
- Return of Funds

IHCD functions on a reimbursement payment system. All claims must be approved by IHCD Claims and Accounting Departments before subrecipients can receive payment. DOE has provided the [Financial Management Toolkit](#) for assistance in weatherization financial management.

7.1 Claim Procedures

Subrecipients must submit properly completed claims and backup documentation every 30 days for reimbursement of costs incurred during the prior month. Claims submitted towards Base, Health & Safety, Readiness, Support, or Capital Intensive must be supported by job costs entered in the WAP Database.

Subrecipients may claim only incurred material expenses or material expenses that are expected to be due within ten days of the receipt of the claim may be submitted to IHCD. A subrecipient may be paid for work passed by an Interim Inspection. Work after a passed Interim Inspection must have a passed QC Inspection before payment can be made. Subrecipients have 90 days after the end of the Program Year to make claims pertaining to the award.

All claims processed through IHCD Online are required to have certain supporting documentation included with the request for reimbursement. Those items include:

- **General Ledger, Trial Balances or Other Accounting Software Generated Reports:** Reports supporting costs should be generated in such a way as to include the following:
 - Only those costs incurred by that program during the specific date range for which reimbursement is being requested (ex. May 1-May 15)
 - Indirect costs that are allocated across all activities should have separate accounts for each program. A single lump sum record with a note that a specific amount is being charged to a certain program is not acceptable. If requested, documentation supporting the cost allocation or salary/wage determination should be readily available.
 - Direct expenses associated with a unit need to include the WAP Database application number from the Job Expense Report.
 - Detailed information of expenses including vendor name, date paid, date of transaction and description of the actual expense. Incomplete, missing or insufficient descriptions may result in IHCD asking for additional documentation to support those costs.
 - In the event of payroll costs, IHCD should be able to easily distinguish the individuals included in the expense, the timeframe covered in the expense and the details that make up the expense.
- **Copies of Invoices/Receipts:** All invoices and receipts must be maintained and filed by the subrecipient in accordance with award agreements and federal regulations. All invoices over \$1,000 must be submitted with the claim. Invoices under \$1,000 will be provided from the subrecipient upon IHCD's request.
 - Invoices must be on company letterhead and must include a detailed breakdown by material and labor and listing the date the work was performed.
 - Invoices will denote budget line being billed, example DOE Base, Mechanical, Capital Intensive, DOE Health and Safety.
- **Claim Summary Pages** a summary of completions claimed, name and address, date of interim or final audit inspection and the total dollar value of the unit to date.

Subrecipients must include all depreciation cost with the subrecipient's cost allocation plan. See *Appendix B* for more claims instructions.

Subrecipients must maintain and implement written procedures to minimize time elapsing between reimbursement to subrecipient and subrecipient payment of subcontractors. Subrecipients will have 45 days from the date of subcontractor invoice to check issuance of DOE and HHS funded grants. Subrecipients must maintain financial and accounting records which identify costs attributable to each Activity Description specified on Attachment A of each Agreement and any coinciding or superseding Amendments.

Subrecipients must maintain all records that are sufficient to document financial activities and claims for reimbursement. This includes, but is not limited to:

- Payroll records
- Banking records
- Accounting records
- Purchase orders

Subrecipients will be required to repay IHCD all sums reimbursed for which adequate fiscal or service delivery documentation does not exist for any time period audited. If audit or review results in a cost disallowance, IHCD may set off the amount against current or future allowable claims, demand cash repayment, or withhold payment of current claims in a like amount pending resolution between IHCD and the subrecipient of any disputed amount.

IHCD may withhold payment to a subrecipient if a claim submitted is inaccurate or is not compliant with claim preparation instructions issued by IHCD. IHCD will notify subrecipient of any error in the claims submitted so subrecipient may make the corrections or revisions necessary for payment.

7.2 Claim Types

Grantee Payment

Claim to draw funds from the award. This will initiate a payment transaction to the subrecipient for the budget categories claimed against.

Adjustment Claim

Claim to edit budget category claims within the same award. Adjustment claims will have both positive and negative line-item amounts and must have a net total of zero, so as to not draw or pay.

Repayment Claim

Claim to edit budget categories between different awards. This will initiate a repayment transaction to IHCD for the budget categories repaid against, and funds that will be made available in the budget category shown in the remaining balance. Must be done if completed units have been claimed against one award and those costs are then shifted to a separate award.

Return of Funds

Claim to return funding from the award. This will initiate a repayment transaction to IHCD for the budget categories repaid against, and the funds will be deallocated from the award shown in the total budget. A return of funds must be paid out from non-federal funds. A return of funds may be required for the following reasons:

- Monitoring or financial audit issue
- Overages on ACPU or percentage caps
- Interest expenses paid with Federal funding
- Expenses incurred after QCI Passed Date
- Expenses claimed for an award after end of Performance Period
- Disallowed equipment acquisition with Federal funds.
- Measure not cost justified

7.3 Advance Funding

Per [IC 4-13-20](#), Payment for any services, supplies, materials, or equipment shall not be paid from any fund or state money in advance of receipt of such services, supplies materials, or equipment by the state. With the prior approval of the budget agency, payment may be made in advance for any of the following:

- Dues and subscriptions
- License fees
- Insurance premiums
- Utility connection charges

Section 8: Reporting

8.1 Required Reporting

Subrecipients will use the [WAP Database](#) to report all aspects and data pertaining to unit production for all awards in their Performance Period. Subrecipients must report to the WAP Database within **15 days** of receiving the contractor invoice. Data to be reported and tracked in the WAP Database include:

- Client Information
- Unit Information
- Weatherization Activities
- Cost Categories

Reports (both pre-developed and ad hoc) are made available for subrecipients to generate on any timeframe deemed necessary. Subrecipients are not required to have a Job Expense Report to make claims, but must be prepared to submit one to IHCDCA should it be requested during the claiming process. Subrecipients must contact iwx@ihcda.in.gov in order to unlock a closed job to make changes. It is recommended subrecipients pull reports on monthly basis to check in on job and completion information, and inform IHCDCA of any errors or discrepancies found at iwx@ihcda.in.gov.

Security & Privileges

All subrecipients must have **at least one** designated employee who has administrative privileges over the WAP Database and can readily access all information. Subrecipients should base their privileges and security definitions for each employee in accordance with their needs within the system. It is the responsibility of the subrecipient to ensure that all employees and contractors have the appropriate security definitions assigned to them. Subrecipients must also ensure that all employees or contractors who leave have their security definitions revoked, but not delete them from the system.

EAP Data Access Policy

The WAP Database is linked to the EAP database. If an employee for whatever reason should no longer have access to the database, his or her rights to the database must be made inactive. Deleting the

employee is not allowed because a record of their inputs in the systems must be retained for reporting requirements.

When a subrecipient performs weatherization services in territories that are served by another subrecipient's Energy Assistance Program, IHCDCA requires the following guidelines be followed to ensure necessary and required EAP information and documents are accessible within the database, and can be transmitted securely between subrecipients:

- When a subrecipient provides weatherization services to clients in a territory that another agency serves in EAP, the subrecipient will be automatically given read only access in the EAP database. The subrecipient will be notified when access has been granted.
- Permissions in the EAP database for subrecipient staff will be assigned by the subrecipient.
- The subrecipient providing EAP services must ensure all accurate documents are uploaded to the EAP database within 60 days of completion. If additional time is needed, the subrecipient providing EAP may submit a request for extension to IHCDCA.
- Before proceeding with weatherization services, the subrecipient must ensure all information in the EAP application is correct and the client is eligible for Wx. When verifying the application, ensure the differences between EAP and Wx income calculations are accurate, i.e., child support and zero income.

8.2 Benchmarking & Scheduling

Monthly Benchmarking

At the start of each DOE Program Year, IHCDCA will set out minimum performance benchmarks subrecipients are expected to complete on a monthly basis. These benchmarks are determined by the estimated annual DOE Formula Base unit completions as described in the State Plan. A subrecipient may reach the minimum performance benchmark through DOE-only production, IIJA-only production, or a combination of DOE and IIJA production. Subrecipients who fail to reach their monthly benchmarks may be placed on a Corrective Action Plan (CAP).

Quarterly Scheduling

In the budget form, a quarterly schedule of unit completion is to be filled out by every subrecipient to determine their goals for unit production. This schedule is compared against the monthly benchmarks to determine compliance with contractual obligations and assess subrecipient performance in the certain award. IHCDCA will also assess the applicable ACPU and percentage caps as through subrecipient claims in conjunction with subrecipient reporting. It is expected for subrecipients to be working towards completions on all contracted awards when available. Subrecipients who fail to be working on all available awards according to their quarterly schedule plan may be placed on a CAP.

8.3 Unit Counting

Completed Units

Completed units are determined when the unit passes QCI. A completion is counted for any budget category that the unit received Wx services from. If a unit were to receive LIHEAP Support and DOE Base, it would count as a completion for both budget categories. A job can be completed on the one portion of the scope of work while working on completing the other portion. Subrecipients will always report the number of completed units for the Performance Period in their Closeout.

Bridging Units

Only in limited braiding scenarios may a unit count towards a certain type of completion without a QCI, called bridging. Bridging a unit is only possible under these scenarios:

- LIHEAP Support Bridging
- DOE Readiness Bridging

LIHEAP Support Bridging

A unit that braids LIHEAP Support with DOE/IIJA may continue work on the unit into the next LIHEAP Program Year. All LIHEAP Support work must be Interim Inspection Passed to be considered completed

by September 30. All work on or after October 1 of the concurrent Program Year must be invoiced to DOE/IIJA. The work on the unit done under DOE/IIJA must be completed and the whole unit QCI Passed at the end of the DOE/IIJA Program Year (June 30).

DOE Readiness Bridging

A job that braids DOE Readiness with DOE/IIJA Base may continue work on the unit into the next DOE Program Year. All DOE Readiness work must be Interim Inspection Passed to be considered completed by June 30. All work on or after July 1 of the concurrent Program Year must result in a DOE/IIJA Base completion.

Bridging DOE Readiness may occur across Grant Cycles, but must result in a IIJA Base completion. The weatherization must be completed and the whole unit QCI Passed at the end of Quarter 1 of the concurrent DOE Program Year (September 30).

8.4 Unit Provisional Closeout

A unit that cannot be entered to be completed, but had expenses incurred, may claim expenses, with approval by IHCD. The Provisional Closeout does not allow for the unit to be counted as a completion, and funding claimed will go against the ACPU and percentage cap limits. IHCD will respond in writing to approve or deny the request for a Provisional Closeout. Until written approval from IHCD is received, final claims cannot be submitted for the particular unit.

In order to receive a Provisional Closeout, the following must be met and documented in the client file:

- Documentation clearly stating the reason the unit could not be completed
- Detail specific circumstances related to the issue and why access to the unit has been denied
- At least 1 attempt to schedule work, verified with a certified letter that includes the following:
 - Documentation of missed scheduled appointments by the client and/or the client refusal to allow entry to complete work or perform an inspection.
 - Language stating the client will have a minimum of 7 business days to contact the subrecipient to allow for entry to complete work or perform an inspection.
 - Stated consequences of not responding within the 7-day period, whereby the client releases all Weatherization employees, including the State of Indiana, IHCD, and all subrecipients and contractors
 - All warranty and liability associated with materials installed and work performed will be forfeited
 - All liability for losses, damages, costs, personal injury, death, or other claims because or in relation to the installation, location, or malfunction of measures is the client's responsibility to address
 - Detail client's right to appeal consequence in writing to IHCD within 10 business days of receipt of the certified letter. A letter or email must be sent to IHCD, where the State Review level of appeals will be undertaken
- In cases of deferral or denial, the following is also required
 - Deferral or Denial Letter, whichever is applicable
 - Signed Moisture and Home Assessment Form
 - Documentation of client education, per [WPN 22-7](#).
 - Health Screening Form, when applicable
 - Timeline of services provided up to decline date, starting with Approved Application Date

8.5 Award Closeout

Closeout Process & Schedule

At the end of each Performance Period of an award, the subrecipient must perform a closeout to IHCD. The Closeout Period lasts 45 days after which the subrecipient must complete all reporting in the WAP Database and claims in the Claims System that are present in the Closeout Report. Subrecipients may request a 15-day extension to be granted at IHCD's discretion. Subrecipients who request an extension to IHCD past Day 30 may be considered late, depending on the nature of the extension request.

The closeout process takes on the following schedule at the end of the Program Year:

- **Day 0:** Program Year ends. IHCDAs emails Closeout Forms
- **Day 1:** Closeout Period begins
- **Day 30:** Subrecipients must submit an update via email to iwx@ihcda.in.gov of their progress in lieu of the closeout report, including extension requests when applicable
- **Day 45:** Non-extension subrecipients final Closeout Report due
- **Day 60:** Extension subrecipients final Closeout Report due

After Day 60, subrecipients may have active WAP awards temporarily closed and claims processing paused until their Closeout is complete.

Reconciliation

A Reconciliation occurs when Performance Period exceeds the Program Year, but information for the Program Year must be reported to Grantors. The Reconciliation follows the same requirements and documentation as a Closeout, but the award remains open for a subrecipient to continue to work under, report on, and make claims against. Subrecipients will report all Program Year information for the Reconciliation and will report all Performance Period information for the closeout. If a Performance Period lasts 18 months, the first 12 months will be reconciled, and then the whole 18 months will be closed out at the end of the grant.

Under Reconciliation, subrecipients may reconcile with overages in their ACPU and percentage caps. These overages must be remediated by the time the award closes out at the end of the Performance Period in order to avoid a return of funds.

Closeout Report

The Wx subrecipient must complete and submit a Closeout Report to IHCDAs for each funding source at the end of their respective Performance Periods. It is the responsibility of the subrecipient Wx Manager to ensure that all forms and reports are accurate and correct before submitting the Closeout Report to IHCDAs. All Closeout Reports should be submitted to iwx@ihcda.in.gov for processing.

The following documentation make up the **DOE/IJA Closeout Report**:

- Closeout Form
- Performance Report
- Job Expense Report
- Last Claims Receipt

The following documentation make up the **LIHEAP Closeout Report**:

- Closeout Form
- Federal Household Report
- Job Expense Report
- Last Claims Receipt

Closeout Reports must accurately reflect the total funding claimed and total units completed within the specified Performance Period. Any errors or issues found in the Closeout Report, WAP Database, or Claims System must be reported to IHCDAs and resolved by the end of the Closeout Period.

IHCDAs will **reject** Closeout Reports for the following (but not limited to) reasons:

- One of the four required documents is not present in the Closeout Report
- Closeout Form Grant Section and IHCDAsOnline Claims do not match
- Closeout Form Production Section and WAP Database Reports do not match
- Subrecipient is over on an expenditure limit (percentage cap or ACPU)
- Closeout Form lacks signatures from Wx Manager, ED, or designees
- Repayments are reported as Return of Funds, and vice versa

Subrecipient must correct all errors to be counted as complete in the submission of the Closeout Report.

Section 9: Monitoring

9.1 Monitoring Process

Monitors provide annual compliance review and information for subrecipients to ensure the following for units that undergo weatherization:

- Quality weatherization services are provided consistently throughout the state
- Necessary measures are provided to clients
- Program accountability and efficiencies are in effect and verifiable
- Appropriate use of all funding sources
- Federal, State, and IHCD standards and regulations are followed

The Monitoring process is conducted as follows:

- Monitoring Notice and Scheduling
- Monitoring Report
- Subrecipient Response
- Monitoring Closeout

The percentage of units that undergo monitoring is determined by if the subrecipient used a standard or nonstandard QCI.

Monitoring Notice & Scheduling

Monitors will notify subrecipients of monitoring 30 days prior to the entrance meeting date. The monitors and subrecipients will schedule an entrance meeting, monitoring visit, and exit meeting. The exit meeting will be held within 30 of the monitoring visit. IHCD approval is required for any exit meetings that will exceed the 30-day period.

Monitoring Report

The Monitoring Report will be submitted to the subrecipient for signature within 30 days of monitoring visit completion. The report will identify the following items:

- Issue severity
 - **Finding:** critical in nature and require rework by the subrecipient
 - **Concern:** low intensity in nature and may require rework by the subrecipient
 - **Best Practice:** recommendations for work that do not require rework by the subrecipient
- T&TA recommendations
- Funding utilized on the unit
- Energy Audit software review

Issue severity is based upon conditions in the unit at the time of monitoring. Additional T&TA will be scheduled to target findings and concerns for all individuals involved.

Subrecipient Response

Subrecipients must sign the monitoring report in order to complete monitoring. Rework conducted by the subrecipient as directed by IHEDA is considered an acknowledgement of the issue. Failure to respond to monitoring may result in claims being delayed in approval.

An appeal for any item on the report must be submitted to IHEDA within 10 days of the monitoring report being received. Upon receipt of the appeal, IHEDA will have 30 days to request additional documentation from the monitor and subrecipient and make a formal decision:

- **Upheld:** subrecipient must sign form complete required items
- **Rescinded:** subrecipient will receive a revised report and must only complete required items not rescinded in the appeal

Monitoring Closeout

Subrecipients will have 30 days to complete required items detailed in the monitoring report and submit a signed response form. The monitor will have 30 days upon receipt of the response form to review documentation, clarify questions, request additional information, and sign the response form. The response form will be submitted to IHEDA for signature to close out the monitoring session.

9.2 Program Monitoring

Program Monitoring will review the following for each unit:

- Program Administration
- Energy Audit software
- Procurement
- Training and Certification
- Fiscal
- Client File
- Contracts and Approvals

Program Administration

Review of agency policies as they apply to priority, wait list maintenance, rentals, client determination, and services in accordance with policy.

Energy Audit Software

Review of inputs in DOE-Approved tool to ensure price lists are up to date, measures are categorized correctly, and Energy Audits are reconciled when additional costs or measures are added after the initial Energy Audit.

Procurement

Review of contractor selection and evaluation, price lists, and written standards.

Training and Certification

Review of WAP Professionals for appropriate training and certifications to perform weatherization activities. All certifications for active WAP Professionals must be maintained by the subrecipient, and may be entered into the WAP Database.

Fiscal

Review of payment processing and the following practices:

- Budget categories utilized correctly and with allowable braiding
- Proper tracking of Program Income
- Contractors paid within 45 days
- Back-up documentation provided with claims when appropriate

Subrecipient financial audits will be monitored annually.

Client File

Review the unit processing and the following practices:

- Forms used correctly
- Information is accurate and complete
- Work processes
- Eligibility verification
- Appropriate documentation and allowability of declined units
- Verification of Energy Audit's cumulative SIR is equal to or greater than 1

Contracts

Review of IHEDA contracts and approvals and subrecipient's subcontracts. Subcontractors will be reviewed for compliance with local licensing standards.

9.3 Technical Monitoring

Technical Monitoring will review the following for each unit:

- Energy Audit detail
- Weatherization Work
- Inspection

The Monitoring Data Collection Form must be provided. An alternate unit will be chosen for review when the client is unavailable.

Energy Audit Detail

Review of initial and final Energy Audit detail, compliance with technical standards, and accuracy of diagnostic testing. Subrecipients must provide Energy Audit cost inputs and actuals with justification where there are deviations from the initial input.

Weatherization Work

Review of quality of work and necessity of all performed measures. Subrecipients must provide justification for all invoiced materials and labor hours charged, and verification of bids.

Inspection

Review of Interim and QC Inspections for compliance in passing or failing a unit, dates of Inspection passed), correct and accurate Inspector signatures, client signatures, and appropriate procedures in accordance with requirements in [10 CFR 440.16\(g\)](#).

Section 10: Corrective Action

A subrecipient may be placed on a Corrective Action Plan (CAP) when IHEDA determines deficiencies within their programs require immediate action. A CAP may consist of the following:

- Revised Allocation
- Quality Improvement Plan (QIP)
- Suspension and Probation

10.1 Revised Allocation

The distribution of funding is revised for the subrecipient when the subrecipient fails to meet benchmarks, reporting or claims requirements, or has a lack of production. IHEDA may pursue one or more of the following revisions:

- Tiered allocation
- Reallocation
- Deallocation

Failure to meet QIP corrective actions or continued programmatic or technical challenges may also result in a revised allocation.

Tiered Allocation

An allocation of funds for an award that covers a quarter's worth of production within the Performance Period. Subrecipients must demonstrate their utilization of the current tier of funding in order to receive the next tier of allocation. This must include meeting reporting and claims requirements. Subrecipients must meet expected benchmarks in order to be removed from tiered allocations.

Reallocation

A partial reduction of funds from an award to be reallocated to other subrecipients in the program. IHEDA may determine the need for reallocation, or the subrecipient may volunteer this reduction of funds.

Subrecipients must demonstrate exhaustion of the revised allocation before additional funds may be requested.

Deallocation

A total reduction of funds from an award to be reallocated to other subrecipients in the program. IHCDCA may determine the need for deallocation. Subrecipients must meet expected benchmarks and demonstrate exhaustion of other awards before any funding from the previously deallocated award may be requested or approved.

10.2 Quality Improvement Plan

A QIP is designed by IHCDCA to provide additional support to the subrecipient and aid in directing the program. The following non-exhaustive reasons may result in a subrecipient being placed on a QIP:

- Monitoring findings and concerns
- Late closeouts, reporting, and claims
- Lack of production and failure to meet benchmarks
- Exceeding ACPU and percentage caps
- Determined “High Risk” on the Risk Assessment
- Undergoing a revised allocation
- Placement on Suspension and Probation

When the subrecipient is placed on a QIP, IHCDCA will develop an Accountability Schedule to address Areas of Concern. The IHCDCA and the subrecipient will determine Corrective Action steps to fix these Areas and track them over time until the QIP is fulfilled. This schedule will be agreed upon and signed between IHCDCA and the WAP Manager. Additional monitoring will be placed on the subrecipient when deemed necessary. Nonstandard QCIs will be disallowed for the duration of the QIP.

Subrecipients on QIP must adhere to the following requirements:

- Report completions in the WAP Database within **10 days** invoices are paid
- All client file documents must be uploaded to the WAP Database
- Claim on the claims system within **30 days** invoices are received
- Claims cannot be claimed on any production budget categories without a unit attached

Additional financial and reporting restrictions may be implemented by IHCDCA during the development of the QIP. Subrecipients must have explanations in writing explaining any reason for failing to meet corrective actions within the QIP.

10.3 Program Suspension & Probation

In the event the subrecipient is found to have egregious issues (fraud, waste, and abuse) or fails to meet the terms of their QIP, IHCDCA will move to place them on an immediate suspension. The suspension period will be used to determine stronger measures and terms that must be met by the subrecipient to return to normal functions within the program. IHCDCA will submit terms for lifting the suspension the subrecipient must sign to continue weatherization services.

Once measures are agreed to by the subrecipient, they will be placed on a probation, and an updated QIP will be developed to meet the new terms. The probationary period will the subrecipient time to fulfill the required terms while continuing to perform weatherization. The extent to their weatherization performance will be restricted to the terms of the probation and QIP.

Failure to meet the terms of the probation and QIP will result in suspension and may result in permanent debarment from the program.

10.4 Subcontractors

Subcontractors who fail to uphold IHCDCA and Federal policy will result in the following corrective actions for the entity or employee:

- Remedial training: Denied participation in WAP until training is completed and passed
- Suspension: Up to 2 years as determined by IHCD
- Permanent Debarment: Excluded from all WAP-funded services in Indiana

Violations that may result in one of the three corrective actions include:

- Failure in testing of critical, potentially life threatening systems
- Failure in completing required forms accurately
- Excessive monitoring findings and concerns
- Unsatisfactory work performance causing reworks
- Unallowable or unsatisfactory work causing subrecipient to perform return of funds
- Fraudulent, wasteful, or abusive activities or charges
- Negligent work that leaves clients or WAP Professionals in imminent danger

Subrecipients are recommended to specify remedies for breaches of contractual obligations, up to and including termination, within the contract

Section 11: Property Items

Subrecipients may utilize Federal funds to acquire the property items Equipment (including vehicles) and Supplies as defined [2 CFR 200.1](#). A control system must be developed to ensure adequate safeguards to maintain condition and prevent loss, damage, or theft of the property. Any loss, damage, or theft must be immediately investigated and reported to IHCD. Supply acquisition and disposition does not require IHCD approval and supplies do not need to be tracked in the inventory.

Subrecipients must use all property items acquired with Federal WAP funding for weatherization as long as needed. When the property item is no longer needed for weatherization, the property item may be used in other activities or federally funded programs. First preference shall be given to other subrecipients.

User fees must only be considered if appropriate. The subrecipient may not use property items acquired with Federal funds to provide services for a fee to compete unfairly with private companies that provide equivalent services. Disposition of all property items must ensure the highest possible return.

11.1 Inventory

Subrecipients are required to document and maintain a physical inventory of all equipment (including vehicles). The inventory must be reconciled with property records prior to monitoring and available upon request, including the following information:

- Description (if vehicle: year, make, model)
- Condition (must use one of the following categories)
 - Excellent: new or unused condition and needs no modification or repair
 - Usable: some wear, but can be used without significant repair
 - Repairable: unusable in current condition without significant repair
 - Salvage: value in excess of basic material content, but repair impractical

- Scrap: value only in basic material content
- Location (address of parking location)
- Insurance (if applicable: company, policy number, coverage limits)
- Owner (if vehicle: title number, title holder, lien holder)
- ID Number (Serial or VIN)
- Award Number (Claim Number for purchase)
- Date of most recent maintenance (maintain all service records)
- Acquisition date (purchase date or transfer from date)
- Total acquisition cost
- Disposition date (sell date, trade-in date or transfer to date)
- Value at disposition (in line with fair market value)
- Method of disposition (sell, trade-in, transfer)

11.2 Equipment Acquisition

Equipment acquisitions require prior written approval from IHCDCA before the purchase is made. The [Financial Management Toolkit](#) provides templates, checklists and guidance for acquisition of weatherization equipment. All equipment acquisition requests must include documentation for the three bid procedure items:

- **Specifications:** Equipment description following the inventory information requirements where applicable. Specify enough to fit the subrecipient need without having an item predetermined.
- **Solicit Bids:** Deliver bid specifications to appropriate dealers or companies. A minimum of three bids must be solicited and submitted. If three bids cannot be solicited, bids may be selected for a similar equipment item.
- **Bid Selection:** Review and select a bid that best meets specifications. Specify why the bid was chosen if it is not the lowest in price.

A request with the documented bid procedure must be emailed to iwx@ihcda.in.gov. IHCDCA will reply within 10 days with an email approving or denying the request. More information may be required as determined by IHCDCA.

When acquiring a new vehicle with Federal grant funds, the title must list “Indiana Housing and Community Development Authority” as the lien holder and the subrecipient as the owner. All titles must be mailed to be held at the IHCDCA with the Department of Program Integrity.

11.3 Equipment Disposition

Per [2 CFR 200.313](#), IHCDCA approval is required for disposition of Federally-funded equipment that is at or over \$10,000. The subrecipient must document the following before disposition is approved:

- Nature of Disposition
 - **Public listing sale:** Open market sale available to anyone. Proper public notice must be given and a reasonable timeframe for bids. Funds accrued from the sale must either be used to purchase replacement equipment or to offset future weatherization expenditures. Must be tracked as funding from the original award the equipment was acquired under.
 - **Trade-in:** The value of the trade-in must be applied to the acquired price of the new replacement equipment. Funds accrued from the traded-in equipment must be tracked as funding from the original award the traded-in equipment was acquired under.
 - **Transfer:** An agreement of transfer must be signed by both subrecipients performing the transfer and IHCDCA.
- Fair Market Value
- Process of determining Nature of Disposition and Fair Market Value
- Release of lien (for vehicles only)
- Signature from subrecipient Executive Director approving disposition

Equipment under \$10,000 or the capitalization threshold of the subrecipient do not require approval. Subrecipients are required to finalize all inventory information prior to the disposition of the equipment.

11.4 Renting Out Property Items

Renting out property items to other non-Federal subrecipient departments or entities is only allowable if the subrecipient reinvests the funds accrued of the rental back into WAP. Subrecipients must not use equipment acquired with Federal funds to provide services for a fee that is less than private companies charge for equivalent services.

