



Department of Energy
Washington, DC 20585

WEATHERIZATION PROGRAM NOTICE 12-3
EFFECTIVE DATE: October 14, 2011

SUBJECT: CLOSEOUT PROCEDURES FOR RECOVERY ACT GRANTS UNDER THE WEATHERIZATION ASSISTANCE PROGRAM

PURPOSE: To issue guidance to Grantees for closeout of grants funded under the American Recovery and Reinvestment Act of 2009 (Recovery Act) in the Department of Energy's (DOE) Weatherization Assistance Program (WAP).

SCOPE: The provisions of this guidance apply to Grantees or other entities named in the Notification of Grant Award as the recipients of financial assistance under the WAP. This guidance applies to all WAP activity funded under the Recovery Act, including the formula WAP grants, the Sustainable Energy Resources for Consumers (SERC) grants and Weatherization Training Center (WTC) grants.

LEGAL AUTHORITY: Title IV, Energy Conservation and Production Act, as amended, authorizes DOE to administer the WAP. **All grant awards closed out under this Program shall comply with all applicable laws including, but not limited to, the WAP statutory authority (42 U.S.C 6861-6873), the Recovery Act (Pub. L No. 111-5) and 10 CFR Parts 440 and 600.**

BACKGROUND: Closeout is the process by which DOE determines that all applicable administrative actions and all required work under the award have been completed. The process includes verifying that the following have been accomplished at the expiration of the acquisition or assistance instrument:

1. All terms and conditions have been fulfilled;
2. All property issues such as inventory, equipment and vehicles have been resolved;
3. Intellectual property issues, including all patent and data issues have been resolved;
4. All required reports and other deliverables have been submitted to DOE; and
5. Reconciliation and/or resolution of all required financial data and related information have occurred.

When all conditions have been met and the final cost has been determined, final payment can be made to the recipient and the award instrument may be closed out. Close out of awards should occur within a reasonable period of time after the completion date of the award or date of termination. In the event a final audit has not been performed prior to the closeout of the grant, DOE reserves the right to recover appropriate amounts after fully considering the recommendations on disallowed costs resulting from the final audit.

Closeout requirements applicable to financial assistance recipients are contained in 10 CFR 600.171-173 for universities, hospitals and non-profits and 10 CFR 600.250-252 for governmental entities. Within 90 days after the expiration or termination of a financial assistance award, the recipient must submit all financial, performance and other reports required by the award terms and conditions.

As a reminder, the Performance and Accountability for Grants in Energy (PAGE) is the official grants management and reporting system for the Office of Weatherization and Intergovernmental Program (OWIP). PAGE provides DOE and Grantees with the ability to electronically submit and manage grant performance and financial information online. It also serves as the repository for final fiscal and programmatic reports used for close out.

When closing out a grant, Grantees must address a variety of management and administrative areas with their Subgrantees. Closeout procedure exists for each of these areas at either the Federal or Grantee level, or both. The DOE Contract Specialist and Project Officer will assist each Grantee agency with all applicable closeout procedures.

Compliance with these procedures is mandatory. Closeout topics below include, but are not limited to, the following as applicable to each grant award:

- Inventory Control
- Post-Project Administrative Costs
- Davis-Bacon Act Requirements
- Equipment and Vehicle Dispositions
- Financial Activities (audits, reports, book balance, Subgrantee reconciliation)
- Insurance Coverage after Closeout
- Monitoring
- Recovery of Pre-Paid Costs for period beyond the performance period end date (e.g. rent, insurance for vehicles, general liability, and pollution occurrence)
- Final Production Reports
- SERC Activities
- Training and Technical Assistance Activities
- Coverage for Financial Audits conducted after the performance end date
- Coverage of Unemployment Insurance Costs
- OMB 1512 Reporting
- File retention for Closed Grants

GUIDANCE: DOE has established a “performance period end date” for WAP Recovery Act grant awards consistent with the project period end date of the grant award. Grantees must instruct their Subgrantees to close out their respective subgrants according to standard Grantee terms and conditions and their own state requirements prior to beginning the process of closing their WAP Recovery Act grants with DOE. It is essential that all Subgrantee activities be accurate and completely reported so that Grantee closeout reports reflect the full extent of activities and expenditures.

DOE has created a Frequently Asked Questions (FAQs) section on both the Weatherization and Intergovernmental Program Guidance website and the Weatherization Assistance Program Technical Assistance Center (WAPTAC) website referenced below. These FAQs provide detailed information about specific grant closeout issues faced by Grantees and Subgrantees. DOE strongly encourages Grantees to review the FAQs frequently since DOE will continually add updates, new questions and responses, and discussions of important topics as they arise. It is also important to contact the assigned Project Officer to pose questions or seek further explanations of these FAQs and other closeout issues.

As always, Grantees must adhere to the appropriate sections of 10 CFR Part 600 Financial Assistance Regulations, and applicable OMB circulars when addressing closeout issues. DOE strongly recommends that Grantees begin the process of closing out Subgrantees as soon as funds are expended and activities are completed. This will help expedite the closeout process. The FAQs, the 10 CFR 600 Financial Assistance Regulations and other related information can be found at the following web links:

<http://www1.eere.energy.gov/wip/guidance.html>

<http://waptac.org/Program-Guidance/2011-Program-Guidance-Documents.aspx>

PERFORMANCE PERIOD END DATES: The project period end date is specified in the award documents of each grant award. The Recovery Act WAP awards have a performance period end date of March 31, 2012. SERC funds, which were awarded to some Grantees on a competitive basis, were included as an amendment to the Recovery Act WAP awards and have the same performance period end date of March 31, 2012. Weatherization Training Center Grants (WTCs) have a performance period end date of September 30, 2012.

Note: All Recovery Act funds in any Recovery Act WAP or WTC grant that remain unexpended after all closeout activities for the grant are completed will be de-obligated by the DOE Contracting Officer for the grant and returned to the U.S. Treasury.

Specific Policy Areas:

1.0 GENERAL WEATHERIZATION ACTIVITIES

Grantees are advised that any weatherization work undertaken using Recovery Act funds must be completed and inspected, and all necessary monitoring and follow-up activities must be completed, by the performance period end date of the grant. If costs are incurred after the performance period, these costs must be covered by another funding source. The only exception is minimal administrative costs that may be incurred within 90 days after the performance period end date for closeout and final reporting.

1.1 MONITORING: Grantees must complete all monitoring activities as stipulated in their approved Recovery Act Plan. In order to utilize Recovery Act funds for this purpose, all monitoring activities must be completed by March 31, 2012. If Grantees are unable to meet the monitoring expectations identified in their plan after March 31, 2012, then these activities must be paid for with regular appropriated funds. Be advised that Recovery Act funds can be used in conjunction with other funding as necessary to complete projects, but tracking and reporting must be separate to meet the reporting requirements of the Recovery Act and related guidance.

1.2 CALL-BACKS: WPN 11-3, *Policy Regarding the Use of DOE Program Funds to Pay for Call-Back/Add-On Work after Reported to DOE as a Completed Unit*, provides the method to address this issue. Units completed using Recovery Act funds that require call-backs to address necessary repairs or missed opportunities cannot be paid for with Recovery Act funds unless they meet the conditions of WPN 11-3.

Warranty work associated with the installation of materials or measures, such as heating, ventilation and air conditioning (HVAC) work done under contract, must be provided by the contractor who performed the installation, thus it is important that this be communicated in writing to all contractors performing work in the closing months of the award.

In the case of direct hire crew work, both the work and the quality control inspection must be performed in ample time for the crew to return and provide any corrective actions prior to the dwelling unit being reported to DOE as a completion. The call back policy guidance can be located at the WAPTAC web site http://www.waptac.org/data/files/website_docs/government/guidance/2011/wpn%2011-3.pdf.

NOTE: At no time can call-back costs for Recovery Act funded units, reported as completed units, be paid out of regular DOE appropriated funds. This would constitute co-mingling of funds, as well as non-compliance with call-back guidance, and is not allowable.

1.3 MULTI-FAMILY WEATHERIZATION: WPN 11-4, *Guidance Regarding Prioritizing Weatherization Work Based on Housing Type*, requires Grantees to have procedures to address all housing types. As a result of this guidance, many Grantees who had omitted multi-family from their portfolios are now using Recovery Act funds to serve multi-family projects.

Grantees and Subgrantees are reminded that multi-family weatherization projects generally require significant lead time before the actual weatherization work begins and often take longer than most other types of units to complete.

Unless the Grantee or Subgrantee can ensure that the multi-family project can be completed and inspected by the performance end date, DOE recommends that large multi-family buildings not be started after November 15, 2011 or earlier, depending on project procurement lead time. If any multi-family project is incomplete at the end date of the performance period, only those costs incurred prior to the performance period end date may be charged to the Recovery Act grant. Multi-family policy guidance can be found on the WAPTAC web site located at

http://waptac.org/data/files/website_docs/government/guidance/2011/wpn%2011-4_20110926t200809.pdf

1.4 FEDERAL REPORTING.GOV JOBS AND EXPENDITURES: As a reminder, Grantees must continue to complete the quarterly OMB 1512 reports throughout the Recovery Act performance period. The Grantee needs to double-check consistency and be able to support job figures, expenditures, etc. indicated in both FederalReporting.gov as well as PAGE. 1512 reporting should NOT be marked as “final” in the reporting requirement until the grant is closed. Grantee should keep reporting “open” and mark “0” if no costs are incurred until the point of closeout.

2.0 WEATHERIZATION INVENTORY OF VEHICLES, EQUIPMENT, AND MATERIALS

Grantees and Subgrantees must follow the terms and conditions of the award, state procurement requirements and the appropriate section(s) of 10 CFR Part 600, the DOE Financial Regulations regarding the disposition of vehicles, equipment, and materials in order to properly closeout the grants. Please refer to the FAQs posted on the WAPTAC and DOE web sites for specific citations contained in 10CFR 600 related to disposition regulations.

2.1 VEHICLES: As a general rule, DOE will not approve the purchase of any vehicles using Recovery Act funds from the date of this program notice forward. Grantees and Subgrantees will be required to use existing fleets to meet the production needs between now and the end of the performance period. Any request to purchase vehicles based on extenuating circumstances will be addressed on a case-by-case basis by the Project Officer.

2.2 EQUIPMENT: As a general rule, DOE will not approve the purchase of any equipment with a purchase price of greater than \$5,000 using Recovery Act funds from the date of this program notice forward. Grantees and Subgrantees will be required to use existing equipment to meet the production needs between now and the end of the performance period. Any request to purchase equipment as a result of extenuating circumstances will be addressed on a case-by-case basis by the Project Officer.

2.3 MATERIALS: Grantees and Subgrantees should not use Recovery Act funds to purchase inventory or materials in bulk for homes that cannot be completed prior to the performance period end date. Material balances should follow state and federal disposition requirements.

3.0 WEATHERIZATION TRAINING CENTERS (WTC)

WTC awards funded under the Recovery Act are two-year grants closing on September 30, 2012. WTC grants will follow the same closeout processes as all other WAP Recovery Act grants. The respective Project Officer and Contract Specialist will provide details on closing out these grants.

4.0 SUSTAINABLE ENERGY RESOURCES FOR CONSUMERS (SERC) GRANTS

Some Grantees had their Recovery Act WAP grant awards amended to include SERC grant funds. The SERC grant funds will be closed out as part of the closeout procedures for the WAP Recovery Act grants. SERC activities must be completed by the performance period end date.

Grantees are advised that any weatherization work being undertaken using SERC Recovery Act funds must be completed, inspected and all necessary monitoring follow-up activities completed by the performance period end date. If SERC-related costs are incurred on any dwelling unit after the performance period, these costs must be covered by another funding source. The only costs that may be incurred after the performance period end date are administrative costs associated with closeout activities. These costs must be agreed to between the Grantee and the Contracting Officer or designee prior to

being incurred. Invoices for work that was completed prior to the performance period end date may also be paid during the 90 days following the performance period end date.

5.0 DAVIS-BACON ACT (DBA)

As a reminder, DBA wage rates and other requirements apply only to Recovery Act funds. Any weatherization work started using Recovery Act funds must be completed using DBA wage rates as applicable. DBA compliance requirements will apply to collecting final certified payrolls.

All records, including certified payrolls, must be retained for at least three years after the performance period end date in a secure location in accordance with 10 CFR Part 600.242. As always, these records must be made available to DOE or other interested parties upon request.

6.0 CLOSEOUT OF RECOVERY ACT SUBGRANTS TO NON-CONTINUING SUBGRANTEE AGENCIES

Many Grantees selected new or alternate Subgrantees for the purpose of weatherizing homes using Recovery Act funds. While some of these Subgrantees may be retained by the Grantee to perform WAP service delivery in future years, some may not.

DOE has issued Weatherization Program Notice (WPN) 11-14, *Updated Subgrantee Consolidation/Downsizing Guidance*, to provide additional information to Grantees to assist with closeout of WAP subgrants where the Subgrantee agencies will not receive future DOE WAP funding.

This guidance can be found on the WAPTAC web site located at http://waptac.org/data/files/website_docs/government/guidance/2011/wpn%2011-14_20110926t195658.pdf.

CONCLUSION: The Weatherization network has achieved a high level of performance in delivering on the goals of the Recovery Act. WAP is the 8th largest creator of jobs under the Recovery Act. More than 700,000 homes will be weatherized by the end of the performance period. This network can be proud of these achievements.

Now begins the orderly process of closing out the Recovery Act WAP grants. DOE strongly encourages Grantees to review the FAQs. DOE will provide frequent updates to these topics on the DOE and WAPTAC websites.

If you need additional information is needed please contact the appropriate Contracting Officer, Contract Specialist, or Project Officer.



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