

# AHFC PROGRAM 3 – WEATHERIZATION ASSISTANCE FOR LOW INCOME PERSONS

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## **I. PROGRAM OBJECTIVES**

The objective of the weatherization assistance for low-income persons is to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential expenditures, and improve their health and safety, especially low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children under six years old, the lowest income households, and emergencies. Conditions of a home and/or fuel consumption may justify moving any household up the wait list.

The program includes federal pass through, and state monies and the audit should be in accordance with state and federal audit requirements.

## **II. PROGRAM PROCEDURES**

The weatherization program is implemented through annually awarded grants at the local level.

## **III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES**

Auditors should be advised that the provisions below only relate to activity funded with state monies. Federal requirements are guided by CFDA Numbers 81.041 and 81.042.

### **A. TYPES OF SERVICES ALLOWED OR UNALLOWED -**

1. **Compliance Requirements:** The Department maintains, and auditors are requested to review, amounts (regionalized) that can be expended per dwelling unit for the below-listed weatherization materials.

Expenditures for materials and measures must meet the following:

- a) The materials and measures must meet the requirements of AHFC's Weatherization Operations Manual (WOM) Section 9 including the Field Guide and the Standard Work Specifications when using DOE funds.
- b) Materials and measures must meet the requirements of WOM Section 5 and Section 8 when using State and other funds.

Funds cannot be expended on:

- a) Dwelling units weatherized less than 15 years ago after April 14<sup>th</sup> cannot be re-weatherized using DOE funds but are eligible for state funded weatherization;
- b) Dwelling units and residential buildings which are to be destroyed, abandoned, or converted to another purpose within 12 months; and

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- c) Dwelling units and residential buildings that are not used as year-round permanent residences. 10 CFR 440.16(c) and 15 AAC 155.440

**Suggested Audit Procedures:** Test financial and related records and determine the purposes for which the funds were expended.

- 2. **Compliance Requirement:** Program support costs must be in accordance with the applicable percentages identified in the regulations and specified in the grant agreement.

**Suggested Audit Procedures:** Test financial and related records determine the purposes for which funds were expended; and

- 3. **Compliance Requirement:** Administrative costs may not exceed 15 percent of the program money expended under a grant or the granted percentage, whichever is less. 15 AAC 155.450

**Suggested Audit Procedures:**

- a) Test financial and related records to determine the purposes for which funds were expended; and
- b) Verify that administrative costs did not exceed the appropriate percent of the total program funds expended appropriately under the grant.

- 4. **Compliance Requirement:** All interest earned on grant money must be returned to Alaska Housing Finance Corporation (AHFC) upon completion of the project. 15 AAC 154.040 (6)

**Suggested Audit Procedure:** Review financial and related records, and if appropriate, any previous audit reports, to determine interest accrued on grant funds to date and verify that all interest earned on grant funds have been paid back to AHFC.

### B. ELIGIBILITY -

**Compliance Requirements:** Exceptions must be in writing and have prior approval from the AHFC Program Manager.

- a) Income guidelines are issued annually by AHFC. Participants must earn below the 100% area median income.
- b) Clients receiving DOE funds must comply with DOE income requirements issued annually also (see State plan and WOM).
- c) Priority must be given to eligible applicants who are handicapped, elderly, families with children under 6 years of age, and most in need. Reference the Weatherization Operation Manual (WOM).

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### **Suggested Audit Procedures:**

- a) Review the procedures for ascertaining eligibility and selecting participants and evaluate for adequacy.
- b) Review selected files and determine whether applicants have been selected in accordance with the prescribed procedures.

### **C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -**

There is no matching or level of effort requirements.

### **D. REPORTING REQUIREMENTS -**

**Compliance Requirement:** Grantees must submit monthly progress reports containing financial, labor, and program data. Reports are to be in a form specified in the grant agreement.

**Suggested Audit Procedures:** Obtain copies of submitted reports and assess for completeness of submission; and trace data in selected reports to supporting documentation.

### **E. SPECIAL TESTS AND PROVISIONS -**

#### **Compliance Requirements:**

- a) The grant agreement will specify any special requirement to which the grantee must adhere.
- b) The Alaska Attorney General determined in 1986 that the Little Davis Bacon Act did not apply to the Weatherization Assistance Program. A copy of that opinion is available for inspection with each sub-grantee, and with program staff at the Alaska Housing Finance Corporation.

#### **Suggested Audit Procedures:**

- a) Review grant agreement, identify any special requirements; and verify the requirements were met.
- b) The auditor is not expected to test for compliance with the Little Davis Bacon Act.