

### Itemized Budget Worksheet Instructions

Include all information required below with submission of the itemized budget through MoWAP Upload narrative explanations as needed. Supporting budget, expenditure and production records should be available on-site upon request.

Required budget detail:

A. Administration:

- 1) Indirect - Include indirect cost in dollars (rate x amount) on the budget worksheet. **Attach a copy of the agency's rate negotiation information.**
- 2) The Administration category may not exceed 5 percent of the total amount of monies allocated to each subgrantee unless the total allocation is less than \$350,000. If the allocation to the agency is less than \$350,000, the agency may request an additional 5 percent for administration. If the agency believes that they will need more than 5 percent of the total allocation for administration, please submit detailed justification with the budget submittal. Please see Section 5, B.1 of the Weatherization Operations Manual for more information regarding justification submittal for requests in excess of 5 percent for Administration.
- 3) Personnel - List each administrative position (title, not name) that the agency plans to fund all or in part from the grant award. **Include a brief description of the position's function or examples of work; the percentage of the position that is allocated to work in this program (fte); and associated budgeted costs.**
- 4) Itemized non-personnel expenses and equipment - List budgeted amounts with brief descriptions of planned expenditures. Only items costing more than \$5,000 per item will require written DNR/DE approval in advance of purchase during the year.

B. Liability Insurance: Proof of current liability insurance and Pollution Occurrence Insurance (POI)(Lead Safe), is required to be submitted with the budget. Documents providing proof of insurance should include the amount of coverage and effective dates. **It is recommended to budget liability insurance on the liability insurance line item and Pollution Occurrence Insurance on the POI line item.**

C. Financial Audit: If the agency plans to budget money from the grant for financial audit expenses it is recommended to enter that amount on the financial audit line item.

**NOTE: Leveraging and Training and Technical Assistance (T&TA) expenses are not eligible under utility subgrants, (example, Ameren Electric, Ameren Gas, Laclede, and Atmos) thus leveraging and T&TA plans are not required.**

D. **Leveraging: Agencies are encouraged to budget up to, but no more than, 5 percent of their grant allocation for leveraging activities. A leveraging plan is required to be submitted with the budget.** Leveraging activities include paying for agency staff or hiring consultant staff to explore and develop partnerships with property owners, utility companies, and other entities that generate non-Federal resources for the program. Other allowable activities include: holding leveraging meetings; preparing technical materials/briefs; or facilitating voluntary match funds from a non-Federal source. The leveraged resources should expand energy efficiency services and/or increase the number of DOE-eligible dwelling units weatherized. The work done with leveraged resources must be consistent with an approved energy audit and utilize cost-effective measures. Leveraging efforts will not always be successful, but subgrantees should aim to produce more than one dollar leveraged for each DOE dollar expended. **When developing the leveraging plan agencies should address the following when planning and budgeting their leveraging activities:**

- Identify specific planned leveraging activities
- Identify targeted partners (e.g., property owners, utility companies, other entities)
- Estimate outcomes including dollar amounts.

E. **Training and Technical Assistance (T&TA): A T&TA plan is required to be submitted with the budget.** T&TA activities are intended to maintain or increase the efficiency, quality, and effectiveness of the Weatherization Assistance Program at all levels. Such activities should be designed to maximize energy savings, minimize production costs, improve program management and crew/contractor “quality of work”, and /or the potential for waste, fraud, and mismanagement. **When developing the T&TA plan agencies are encouraged to address the following when planning and budgeting for their T&TA activities:**

- Identify agency-specific priorities for training and technical assistance (e.g., major turnover of energy auditors will require investment in basic weatherization training, blower doors, heating systems, and the National Energy Audit Tool (NEAT) and the Mobile Home Energy Audit (MHEA).
- Respond to training needs identified by DNR/DE Housing Quality or Procedural monitoring.
- Give priority to costs for attending state-sponsored training, or document that the agency already has the necessary skills in the areas offered.

F. **Program Operations:** This portion of the budget is broken out into three categories: support (personnel and other expenses), labor, and materials directly related to weatherizing homes.

- 1) Personnel - List each position (title, not name) that the agency plans to fund all or in part from the grant award. **Include a brief description of the position’s function or examples of work; the percentage of the position that is allocated to work in the program (fte); and the associate budgeted amount.**

Itemized non-personnel expenses and equipment - List budgeted amounts with brief descriptions of planned expenditures. Only items costing more than \$5,000 will

require written DNR/DE approval in advance of purchase during the year. **NOTE:** All vehicle purchases, even if purchase price is below \$5,000, require both DOE and DNR/DE approval before the vehicle may be purchased.

- G. Production Service Goals: To estimate the total number of homes that the agency expects to serve, allocate the amount of program operation funds the agency expects to spend for all homes. Then divide the amount allocated by the agency's anticipated *average per-home cost*. **The annual DOE average per-home cost limitations may be found on the federal LIWAP website at [www.waptac.org](http://www.waptac.org).**

Example: Amount Budgeted / Average Cost per Home = Total Homes Weatherized  
\$97,500 Budgeted / \$6,500 Average Cost per Home = 15 Homes Weatherized

## **AUDIT GUIDE LOW INCOME WEATHERIZATION ASSISTANCE GRANTS**

### **I. Purpose**

This audit guide is to be used by the recipient's independent auditor during the agency's single audit. The purpose of this guide is to assist the auditor in reviewing the Low Income Weatherization Assistance grant issued by the Department of Natural Resources' Division of Energy (DNR/DE). **A copy of this guide and the Low Income Weatherization Program Compliance Supplement from Office of Management and Budget Circular A-133 must be presented to the auditor during the planning phase of the audit.**

### **II. Authority**

The Single Audit Act of 1996, P.L. 104 – 156 is the law giving DNR/DE the authority to require an audit of a recipient agency that meets single audit criteria established in OMB Circular A-133. Generally speaking, any entity expending in excess of \$500,000 in federal funds is subject to an audit in accordance with the provisions of Circular A-133. This circular specifies the requirements of the awarding agency, the recipient agency and the auditor.

### **III. Audit Standards**

An audit report submitted to DNR/DE to fulfill the requirements of a grant awarded as part of the Low Income Weatherization Assistance Program must be conducted in accordance with generally accepted auditing standards (GAAS) as established by the American Institute of Certified Public Accountants (AICPA) and generally accepted government auditing standards (GAGAS) as established by the Governmental Accounting Office (GAO) in the current edition GAO Yellow Book. These standards and requirements of OMB Circular A-133 shall be used in conducting the audit.

A complete audit report is due to DNR/DE within nine months from the end of the agency's fiscal year or thirty days from the date the final report is submitted to the recipient by the independent auditor.

For the purposes of this guide, a complete audit report includes the financial statements, accompanying schedules and opinions specified in OMB Circular A-133, the schedules found in this Audit Guide and a copy of any management advisory letter submitted to agency management either with the report or under a separate letter. The Weatherization schedules presented in the audit report are not financial statements that the auditor is attesting to. They are schedules prepared using Statement on Auditing Standards (SAS) 29 guidelines.

**If the auditor prepared schedules are not in agreement with the final report submitted to DNR/DE The complete audit report will be rejected and returned to the Agency Board of Directors for corrective action.**

#### **IV. Required Audit Procedures**

General audit procedures that are required by DNR/DE may be found in Part 4, Department of Energy, to the Compliance Supplement of OMB Circular A-133.

**The schedules found in this guide are to be included in the audit report.** The schedules are to cover the period of the DNR/DE grant year. Only those schedules that apply to an agency need be included. For example, if the agency contracts for weatherization services and does not carry a weatherization material inventory then the inventory reconciliation schedule need not be presented. Schedules A and B must be presented, even if the program is not audited as a major program.

Once the fieldwork has been completed and the required schedules have been prepared, the auditor must compare the Weatherization Program schedules against the final report submitted by the agency to DNR/DE. If the schedules and the final report do not agree, a reconciliation must be prepared and submitted with the audit report. Any audit adjustments to the agency's books must be identified. If audit adjustments were made to the agency's records that change any of the revenue or expense category amounts reported to DNR/DE, these audit adjustments must be identified and a revised final report must be included in the audit report. **IT IS THE AUDITED AGENCY'S RESPONSIBILITY TO ENSURE THAT ANY DISCREPANCIES BETWEEN THE AGENCY'S GENERAL LEDGER ACCOUNTS AND THE REPORTS SUBMITTED TO DNR/DE BE RESOLVED PRIOR TO SUBMITTING THE AUDIT REPORT.**

If the schedules presented in the audit report and submitted to DNR/DE are not in agreement the agency shall be in non-compliance with the terms of the grant contract and the audit will be returned to the agency. The agency will have 30 days from the date of the transmittal letter to correct the discrepancies and return a corrected audit to DNR/DE.

#### **V. Audit Risk Areas**

##### ***A. Grant Contract Terms***

Grant contract terms are found in the scope of work section of the grant award document. The primary risk found in this review is the requirement for the weatherization program to be audited as a major program. OMB Circular A-133 requires written notification if the awarding agency requires a program to be audited as a major program during the agency single audit. DNR/DE uses the scope of work section of the grant award to fulfill this requirement. The complete grant award should be reviewed during the planning stage of the audit.

##### ***B. General Cost Limitations***

General cost limitations may be found in Section V of the Weatherization Operations Manual. Compliance is mandatory.

### ***C. Administrative Cost Limits***

Administrative cost limitations are defined in Section V of the Weatherization Operations Manual. To calculate the maximum administrative cost rate allowable for the grant under review, obtain a copy of the grant award including any amendments. Turn to the grant budget page and find the amount budgeted for administration. Divide the amount budgeted for administration by the total amount budgeted for the grant. This percentage is the maximum allowable rate of administrative expenditures.

To test administrative expenditures, multiply the total reported expenditures by the administrative rate percentage. If the amount of administrative expense reported to DNR/DE is greater than the maximum allowable rate of administrative expenditures then the amount budgeted for administration in the next grant year will be reduced by the amount overspent.

### ***D. Average Cost Per Home***

Average cost per home limitations are included in the Weatherization State Plan and change each grant year. The average cost per home is actually the average program operations cost per home. The easiest way to find this average is to review any monthly report analysis. This analysis is sent to the agency each month by DNR/DE after the monthly report has been reviewed. The last page of the report contains the maximum average per home as stated in the State Plan.

Individual weatherization program client files reviewed during the agency single audit may show claimed costs in excess of the maximum allowable average cost per home. This is acceptable. If, at the end of the grant year, the average cost per home for the year exceeds the maximum allowable average cost, the agency may be required to reimburse the amount overspent in program operations. This is calculated by determining the amount per home exceeding the maximum allowable average amount and multiplying this by the number of homes completed during the grant year.

### ***E. Client Dwelling and Income Eligibility Requirements***

Client dwelling and income eligibility requirements are found in Section II of the Weatherization Operations Manual. The primary risk is that the client may not be income eligible or the dwelling may have been previously serviced since September 30, 1993. Clients receiving **TANF** or Social Security SSI payments are not required to meet income eligibility requirements. Additional restrictions for rental units are also found in this section. The primary risks for rental units are that state policy prohibits furnace or water heater replacement for a rental dwelling and that the landlord must provide a five percent cash contribution of estimated labor and material project costs before weatherization work can begin on a home. The landlord contribution may be waived if the owner/landlord's annual taxable income is at or below 200 percent of the federal poverty level. This section should be reviewed if weatherization files are to be tested during the audit.

#### ***F. Reporting Requirements***

Reporting requirements for periodic program reporting are contained in Section IV of the Weatherization Operations Manual. Included in this section is a list of the documentation required to be included in a weatherization client file. Included in required client file documentation is a client file summary. The primary risk is that the final inspection of work performed on the dwelling was not documented. This section should be reviewed if weatherization reports are to be tested during the audit.

#### ***G. Procurement Requirements***

Procurement requirements are found in Section VI of the Weatherization Operations Manual. Included in this section are contracting dollar thresholds, inventory reporting requirements and small purchase procedures. The primary risks in the procurement area include failure to report equipment purchases in excess of \$5,000 and undocumented telephonic procurements. This section should be reviewed if the program's contracts are reviewed during the single audit.

# Sample Form

Schedule A

<Subgrantee>

Subgrant Number

## RECONCILIATION OF REVENUES AND EXPENSES

FOR THE PERIOD OF July 1, 20\_\_\_\_ to June 30, 20\_\_\_\_

Provide the following information for the WAP Program Year (July 1 to June 30)

<u>DIVISION OF ENERGY</u>		<u>SUBGRANTEE</u>	
Beginning Fund Balance	_____	Beginning Fund Balance	_____
<b>Revenue</b>		<b>Revenue</b>	
Grant Income	_____	Grant Income	_____
Carry Over Funds	_____	Carry Over Funds	_____
Program Income	_____	Program Income	_____
<b>Total Revenue</b>	_____	<b>Total Revenue</b>	_____
<b>Expenditures</b>		<b>Expenditures</b>	
Administration	_____	Administration	_____
Program Operations	_____	Program Operations	_____
Insurance	_____	Insurance	_____
T&TA	_____	T&TA	_____
Other	_____	Other	_____
<b>Total Expenditures</b>	_____	<b>Total Expenditures</b>	_____
<b>Ending Fund Balance</b>	_____	<b>Ending Fund Balance</b>	_____

**Note: Recipient and Division of Energy fund balance must be in agreement. If not, the difference must be corrected before the audit is acceptable.**

# Sample Form

Schedule B

**<Subgrantee>**  
**Subgrant Number**

**BEGINNING AGENCY FUND BALANCE**  
**(CARRY-OVER) (As of July 1)** \$ \_\_\_\_\_

**GRANT REVENUE**  
**(Funds received July 1 through June 30)** \$ \_\_\_\_\_

**PROGRAM INCOME** \$ \_\_\_\_\_

**LESS EXPENDITURES**  
**(July 1 through June 30)** \$ \_\_\_\_\_

**AGENCY ENDING FUND BALANCE** \$ \_\_\_\_\_

**Ending Cash on Hand** \$ \_\_\_\_\_

**Ending Inventory** \$ \_\_\_\_\_