

STATE AUDITOR'S OFFICE PERFORMANCE AUDIT



Department of Commerce

Low-Income Weatherization Assistance Program

American Recovery and Reinvestment Act of 2009

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EXECUTIVE SUMMARY

Why we did this audit

The American Recovery and Reinvestment Act of 2009 provided billions of dollars to support the activities of state and local governments, businesses and non-profit organizations in Washington state. One of the government programs receiving stimulus funds – the Low-Income Weatherization Assistance Program – is a partnership between state government and local agencies to help make the homes of low-income residents more energy-efficient.

The Weatherization Program is administered by the state Department of Commerce's Community Services and Housing Division, which distributes funds through contracts with 25 local agencies that coordinate weatherization projects across the state. In addition to improving energy efficiency, the Program is designed to reduce residents' utility bills and improve their health and safety.

The Recovery Act provided nearly \$60 million for weatherization activities during 2009, 2010 and 2011, which represented a significant increase in the program's historic funding level. We audited the program because of the scale of that increase, as well as the challenges associated with weatherizing thousands of homes and the unprecedented performance and accountability requirements of the Recovery Act. Since the Program will continue to operate after the Recovery Act funds are spent, we designed the audit to benefit the program into the future by answering the following specific question.

Has the Department of Commerce established and followed sound processes to monitor local agencies' use of weatherization funds to ensure the money is spent appropriately at the local level?

Scope and methodology

We focused on how well Commerce's Community Services and Housing Division monitored local agencies during 2009 and 2010. We interviewed key state agency managers and program staff and visited several local sites.

The State Auditor's Office also reviewed the Weatherization Program as part of our state Single Audit of the use of federal money and compliance with federal requirements. In contrast with that audit, our performance audit primarily considered the soundness of Commerce's monitoring processes and practices.

Audit results

We found the Division incorporated many of the leading processes we identified for monitoring local agencies' performance, but omitted several key elements. We found shortcomings in the Division's financial monitoring; its selection of residences and prioritization of agencies for follow-up monitoring; and its process for resolving problems when inspectors identified substandard work.

The Division followed leading practices when it:

- **Developed standard monitoring** criteria and required regular reporting by local agencies. The Division provided guidance to local agencies on what to report and conducted on-site reviews of local agencies to verify reports.
- **Trained staff members** who visited local agencies, developed standardized checklists for them and documented the results of their on-site evaluations.
- **Visited local agencies** and conducted inspections in a timely and efficient manner. The agencies often were able to correct minor problems while inspectors were on-site, especially when violations posed a risk to residents' safety and health.

It did not follow leading practices when it:

- **Did not develop sound financial monitoring processes to** ensure adequate oversight of weatherization spending in 2009 and 2010. The Division did not conduct the required comprehensive annual reviews at local agencies – its main financial monitoring activity – during 2009, and its 2010 reviews were inadequate to ensure weatherization funds were spent appropriately.
- **Did not ensure local agencies resolved problems when** its inspectors identified substandard work, and did not require local agencies to take steps to prevent substandard work in the future.
- **Did not focus its monitoring on local agencies** that had consistent performance problems. The Division has a goal of conducting follow-up inspections of at least 20 percent of each local agencies' weatherized homes each year – 15 percent higher than the minimum federal requirement. However, it did not consider the local agencies' past performance in prioritizing the inspections once it had met the minimum federal inspection standard.
- **Permitted one local agency to select weatherized homes** for visits by state inspectors, potentially compromising the independence and integrity of the inspection process. The Division's formal process calls for state inspectors, not local agencies, to select projects for follow-up inspections.
- **Did not establish the data information systems needed** to meet the Recovery Act's accountability requirements.

Summary of recommendations

We identified opportunities for the Commerce Department and its Community Services and Housing Division to improve the operation of the Weatherization Program.

- **Reviewing local agencies financial operations.** To improve the quality of its financial monitoring, Commerce should require local agencies to obtain and retain detailed documentation of contractors' invoices and other program costs. Division staff should inspect invoices paid by local agencies and reconcile the amounts paid to the actual weatherization project costs.
- **Correcting substandard work.** The Division should establish formal procedures to ensure substandard work identified by its inspectors is corrected promptly. Follow-up inspections also should evaluate and suggest improvements to the local agencies' inspection systems.
- **Monitoring local agencies.** To improve the effectiveness and efficiency of its monitoring, the Division should place a higher priority on monitoring agencies that have had performance problems.
- **Selecting projects for inspection.** The Division should ensure its inspectors follow established procedures for independently selecting local projects for inspection. Local agencies should not influence the selection.
- **Program information system.** Commerce should complete development of its planned information system to aggregate and track program information and to assist in risk-based oversight of local weatherization agencies.

What's next?

Audits of state agencies and programs are reviewed by the Joint Legislative Audit and Review Committee (JLARC) and other legislative committees whose members wish to consider findings and recommendations on specific topics.

Representatives of the State Auditor's Office will review this audit with JLARC's Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing.

The Department of Commerce will determine whether to accept the audit recommendations. The State Auditor's Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion.

INTRODUCTION

Audit Overview

As of March 31, 2011, Washington had received more than \$8 billion in grants, loans and contracts funded by the American Recovery and Reinvestment Act. Approximately 43 percent of the money went directly to state agencies for specific programs, including grants and loans to governments, non-profit organizations and businesses. Recipients of Recovery Act funds, including states, local governments and businesses, must meet the performance and accountability standards specified in the legislation to ensure stimulus funds achieve the economic goals established by Congress and the President.

One of the programs receiving Recovery Act funds was the Low-Income Weatherization Assistance Program, administered since 1978 by the Washington state Department of Commerce. The program is designed to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their utility bills and improve their health and safety. The Program distributes funds across the state by contracting with 25 local agencies that coordinate weatherization projects.

Under the Recovery Act, the Program received nearly \$60 million to spend during 2009, 2010, and 2011. Given the large increase in the program's funding level, the demands associated with weatherizing thousands of homes and the requirements of the Recovery Act, we initiated this audit to answer the following question:

Has the Department of Commerce established and followed sound processes to monitor local agencies' use of weatherization funds to ensure the money is spent appropriately at the local level?

Audit Scope and Methodology

We audited the Weatherization Assistance Program primarily because of the Recovery Act's effect on its size and the program requirements attached to the grant. Some of these program requirements created delays in program spending and changes in program operations in 2009.

We also chose the program because it will continue to operate after Recovery Act funds are spent, so the audit results could benefit the program into the future. Because the Recovery Act provided an additional \$27 million to the Program for both 2009 and 2010, we focused our review on how well the Department monitored local agencies' use of this money during those two years.

We focused on the monitoring process developed by Commerce's Community Services and Housing Division (Division), which is required to ensure local agencies deliver quality weatherization work and spend weatherization funds appropriately.

We interviewed key management and staff of the Division and reviewed their process for inspecting and monitoring the local agencies that received weatherization funds.

We accompanied Division personnel on three local agency visits to observe the monitoring and inspection process and to gain an understanding of how the agencies operate the weatherization program. We also independently visited five local agencies to determine whether the Division staff follow the established monitoring system and whether the system adequately safeguards public resources.

We conducted this performance audit under the authority of RCW 43.09.470, approved as Initiative 900 by the Washington voters in 2005, and in accordance with applicable government auditing standards set forth by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix A describes the provisions of Initiative 900 and how the audit addressed the law's specific elements.

Appendix B describes our audit methodology in detail.

Appendix C contains additional information about the federal Recovery Act.

The State Auditor's Office Single Audit Report

In March 2011, the State Auditor's Office audit of the State's major federal programs was published in the Single Audit report issued by the Office of Financial Management for the fiscal year 2010. The audit assessed compliance with the requirements of laws, regulations, contracts and grants applicable to each of the State's major federal programs, in contrast to this Performance Audit which primarily considered whether monitoring processes were consistent with leading practices.

The report included three findings related to the Weatherization Assistance Program. Detailed information on each finding is available in the fiscal year 2010 [**Single Audit Report**](#).

Washington received approximately \$60 million in weatherization funding under the Recovery Act

The Weatherization Assistance Program provides funds to local housing agencies to improve the energy efficiency of the homes of low-income people and families. To qualify for service, participants must have a household income no greater than 200 percent of the federal poverty level or 60 percent of the state median income, whichever is greater. Washington State places a priority on serving people whose income is up to 125 percent of the federal poverty level. In 2010, a family of four would have been eligible if its income did not exceed \$28,000.

The Division distributes funds by reimbursing 25 local agencies that provide such services as installing insulation, sealing ducts, tuning and repairing furnaces, and installing weather stripping. Some local agencies hire their own staff to perform this work, while others use private contractors or a combination of the two methods. Local agencies are required to determine applicants' eligibility, assess and weatherize homes and conduct final inspections of all completed projects to ensure quality work.

The U.S. Department of Energy tasks the Division to oversee the weatherization program, which includes developing a monitoring process to ensure local agencies deliver quality weatherization work and spend weatherization funds appropriately. The monitoring process is required to include on-site inspections and annual reviews of client files and agency financial records.

In 2009, the Department received approximately \$60 million in weatherization funding under the Recovery Act, to be spent during 2009, 2010 and 2011. The Weatherization Program budget is summarized in **Exhibit 1**. The Recovery Act funding dramatically increased the budget in calendar years 2009 and 2010.

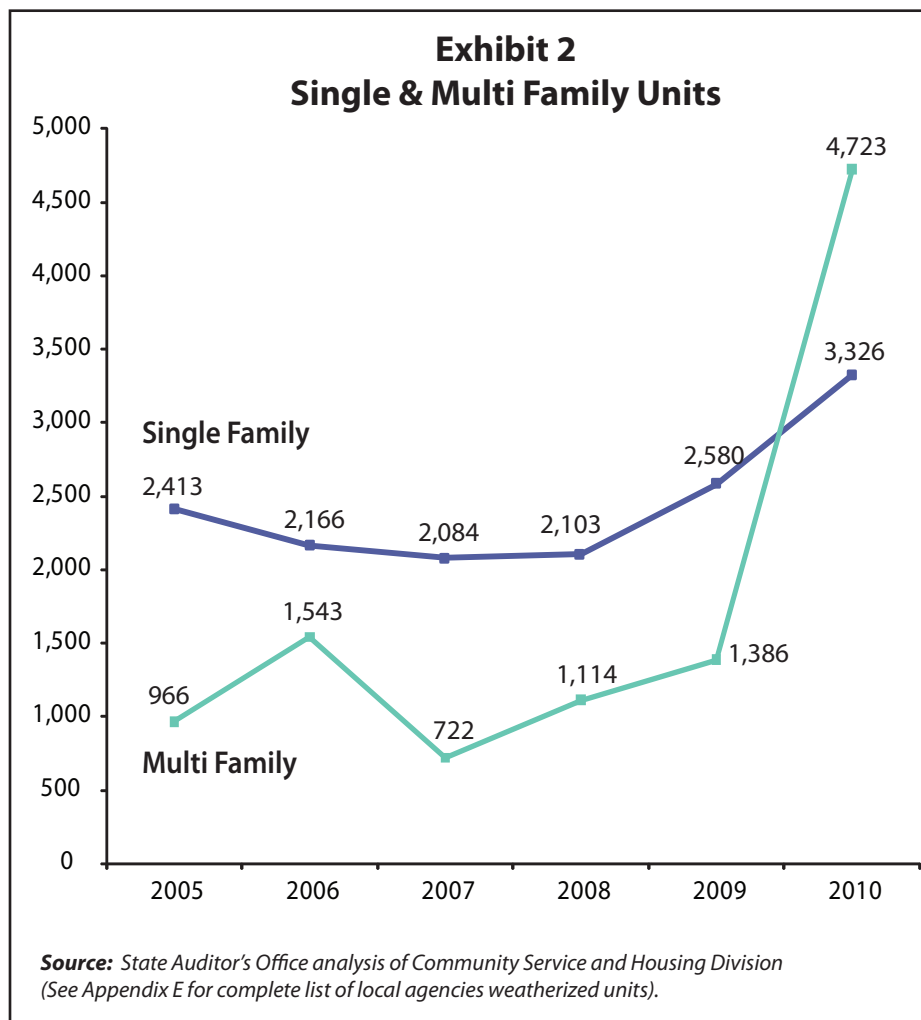
Before the Recovery Act was enacted, Washington's Weatherization program spent an average of \$18.6 million per year. Between 2005 and 2008, about 3,300 homes per year were weatherized.

Exhibit 1				
Weatherization Program Revenue by Calendar Year				
Dollars in Millions				
	2008	2009	2010	2011
The American Recovery and Reinvestment Act of 2009	N/A	\$27	\$27	\$5.5
All Other Funds	\$17.9	\$30.1	\$23.4	\$16.6
Total	\$17.9	\$57.1	\$50.4	\$22.1
Source: State Auditor's Office analysis of Commerce data.				

As indicated in **Exhibit 1**, Commerce received and planned to spend \$57 million for weatherization activities in 2009, with \$27 million provided through the Recovery Act. However, because of delays in receiving federal guidance on whether prevailing wage laws (Davis-Bacon Act) applied to the weatherization work, most local agencies chose not to spend Recovery Act funding in 2009.

To speed up Recovery Act spending, the Division began directly hiring contractors to weatherize homes instead of passing through the money to local agencies. During this effort the Division spent \$3.4 million to weatherize 1,424 housing units in 21 multi-family projects.

Once federal guidance was clarified in late 2009, local agencies increased the number of units weatherized annually from 3,966 in 2009 to more than 8,000 units in 2010. Much of that increase came from weatherizing multi-family homes—for example, from 2005 through 2008, local agencies weatherized about 1,100 units in multi-family dwellings per year. In 2010, the number increased to more than 4,700 units as shown in **Exhibit 2**.



The Division's goal was to use the Recovery Act money to weatherize an additional 7,000 to 9,000 homes over the life of the grant.

By the end of 2010, local agencies had spent \$28.9 million of the Recovery Act money and a total of \$68.1 million designated for weatherization assistance as shown in Exhibit 3.

Exhibit 3 Weatherization Program Spending by Local Agencies Dollars in Millions			
Fund Source	2009	2010	Total
Recovery Act	\$3.2	\$25.7	\$28.9
All Other Funds	\$22.6	\$16.6	\$39.2
Total	\$25.8	\$42.3	\$68.1
Source: State Auditor's Office analysis of Agency Financial Reporting System data.			

LEADING PRACTICES

Elements of an Effective Monitoring Process

Monitoring and oversight of local agencies is a vital part of the state Weatherization Program. While monitoring does not guarantee all issues will be identified, it is essential to evaluate program performance, identify substandard work, ensure local agencies follow program requirements and protect public health and safety.

In this report, we use the terms "leading", "sound" or "best" practices interchangeably to identify generally accepted monitoring techniques, actions or processes that have proven effective over time in comparable circumstances. We often identify leading practices when the agencies we audit have not formally adopted specific methods, or for comparison with existing processes that are not consistently achieving desired outcomes.

For this audit, we identified leading practices primarily to help the Department improve the effectiveness of its monitoring program. Generally, by using systems based on leading practices, organizations can achieve desired outcomes more effectively and consistently.

To help identify effective monitoring practices for this audit, we reviewed Office of the Inspector General reports, the National State Auditors Association Best Practices Document "Carrying Out a State Regulatory Program," state monitoring training documents from the Weatherization Assistance Program Technical Assistance Center, the National Association for State Community Services Programs and the U.S. Department of Energy. We identified elements of an effective monitoring system using best practices published by the National State Auditors Association. The key phases of an effective monitoring process and highlights of best practices associated with each phase are summarized in **Appendix D**. All the elements we identified are crucial to developing an effective monitoring process.

We found the Department established a monitoring process that included many of the leading practices we identified. For example, the Department:

- **Developed standard monitoring criteria** to identify the types of violations and seriousness of each violation.
- **Required regular reporting by local agencies.** The Division provided guidance to local agencies on what to report and conducted on-site reviews of local agencies to verify reports.
- **Established a schedule of local agency visits** to ensure they complied with legal and regulatory requirements.
- **Developed standardized checklists and used them as guidance** during visits to local agencies. The checklists were clearly written and identified significant legal, regulatory and agency requirements.
- **Provided training to staff members who visited local agencies,** including instruction on how to use, interpret and apply standardized checklists accurately, consistently and fairly.

- **Conducted local agency visits in a timely, efficient and effective manner**, allowing the agencies to correct minor problems while inspectors were on-site and ensuring immediate corrective action when violations threatened residents' safety and health. Inspectors had the equipment and technology they needed to efficiently and effectively do their jobs.
- **Documented results of local agency monitoring and inspection visits** to provide a record of violations. Division personnel discussed preliminary conclusions or recommendations with local agency staff while on-site.

However, the Division **did not** establish several elements in its monitoring process, which raised concerns regarding substandard contractor workmanship and the adequacy of monitoring. Specifically:

- **The Division did not ensure adequate monitoring** of the weatherization funds spent in 2009 and 2010. As a result, the Division did not consistently examine project costs for reasonableness, documentation, and other important financial accountability indicators.
- **Division inspectors consistently cited local agencies** for failing to identify substandard weatherization work in completed homes, but the Division's process did not consistently ensure the issues were corrected or processes improved.
- **We observed one instance** in which the Division did not follow the established process when selecting homes for follow-up monitoring. As a result, local agencies were allowed to select homes for the Division to inspect.
- **During our audit the Division did not have the information systems** needed to meet the significant requirements of the Recovery Act.

These issues and their effects are more fully discussed in the following section under Audit Results.

Issue 1: The Division did not establish the sound financial monitoring processes necessary to ensure adequate monitoring of the \$68.1 million in weatherization funds it spent in 2009 and 2010.

Federal grant agreements require the Division to monitor local agencies receiving Weatherization Assistance Program money by performing on-site inspections and annual comprehensive reviews of their financial records and client files. The U.S. Department of Energy requires the comprehensive review to help ensure the local agencies are providing sufficient oversight of the money they receive.

To evaluate the Division's monitoring process, we interviewed Division management and staff and reviewed documents, including the Division's manual for managing the program. We accompanied Division staff when they visited three local agencies to observe the comprehensive annual reviews. In addition, we conducted our own site visits at five local agencies to independently review their operations and to determine if the Division's monitoring process ensured weatherization funds were spent appropriately.

We identified shortcomings in the Division's financial monitoring process:

- A. Division managers reported they did not conduct comprehensive annual reviews, the Division's main fiscal monitoring tool for the Weatherization Program, and therefore did no fiscal monitoring specific to the weatherization program in 2009.
- B. We found the comprehensive annual reviews completed in 2010, the Division's main fiscal monitoring tool for the Weatherization Program, were inadequate to reasonably ensure weatherization funds were spent appropriately.

A. Division managers reported they did not conduct comprehensive annual reviews, the Division's main fiscal monitoring tool for the Weatherization Program, and therefore did no fiscal monitoring specific to the weatherization program in 2009. The comprehensive annual reviews are critical because the Division does no other financial monitoring specific to the Weatherization Program. They said they decided to focus resources on inspections of weatherized homes instead of conducting fiscal reviews in 2009 to ensure substandard weatherization work was identified and corrected quickly. The Division began conducting comprehensive annual reviews in March 2010.

Comprehensive annual reviews can identify excessive material costs and improper payments to contractors. Without them, the risk increases that the Division will not detect fraud, waste or abuse and/or achieve the goals of the Recovery Act and the Weatherization Program.

B. Comprehensive annual reviews completed in 2010 were inadequate to ensure weatherization funds were spent appropriately. Comprehensive annual reviews should examine all aspects of program operations, including program files and program delivery. The U.S. Department of Energy requires the Division to complete a comprehensive annual on-site review of each local agency, which must include a review of the local agencies' financial records and client files.

We observed the Division reviewer typically spends two days at each local agency interviewing management and staff and reviewing two to three client files. The Division reviewer ends each visit with a conference to discuss the strengths and weaknesses observed. The Division process for comprehensive annual reviews uses an assessment tool or questionnaire to guide the reviewer through interviews with management and staff. It also allows the Division reviewer to record observations of the local agency. The tool establishes questions in four areas as shown in **Exhibit 4**.

Exhibit 4	
Weatherization Program Assessment Tool -- Examples of Questions	
Fiscal Process Review	
	<ol style="list-style-type: none"> 1. Can the agency track a single expenditure through the accounting system by fund code, sample type of transaction, amount, and fund source? 2. How does the agency pay invoices? Can you easily follow invoice from purchase order to payment? 3. How does the agency do job costing? Are costs reasonable and easy to identify in client files?
Program Service Delivery	
	<ol style="list-style-type: none"> 1. Does the agency have a comprehensive database for tracking projects? 2. Does the agency have written procedures to ensure good quality control? 3. How does the agency ensure jobs are not open more than 90 days?
Procurement Process Review	
	<ol style="list-style-type: none"> 1. How does the agency procure goods and services? 2. Does the agency have written procedures for Weatherization? 3. Does the procurement process clearly separate duties as they pertain to Weatherization Program?
Administrative Process Review	
	<ol style="list-style-type: none"> 1. Describe the process for determining eligibility. 2. What documentation does the agency require for proof of eligibility? 3. Does the agency maintain a prioritized waiting list?
Source: <i>Excerpt from Division's assessment tool.</i>	

While accompanying Division staff during comprehensive annual reviews we observed:

- **Only one of the three Division reviewers used the assessment tool to guide the interview.** The others formulated their own questions within the four assessment tool topics. As a result, information obtained in interviews was not consistent. In one instance, a Division reviewer omitted an entire section of the assessment tool and did not discuss the procurement process, stating it did not pertain to the local agency. This occurred after the local agency manager told the reviewer it planned to begin a procurement process in the next few months because current agreements were due to expire.
- **Division reviewers did not conduct further inquiries or conduct testing to assess performance or to verify processes were operating as reported by agency management in initial interviews.** For example, reviewers at all three of our observation visits asked questions about financial processes and in some cases were shown examples of invoices or computer screen shots of information in the accounting system. However, the reviewers did not:
 - Ask for a sample of documentation, such as invoices supporting the local agencies' requests for reimbursement, to verify the accuracy or reasonableness of amounts reimbursed.
 - Compare the amounts the Division reimbursed to the actual costs to weatherize homes.

Additionally, at a local agency employing work crews and stocking weatherization materials, we observed the reviewer ask questions about the inventory system. The reviewer did not do further examination to confirm inventory systems performed as reported during interviews and to detect potential issues with the inventory systems. For example, the reviewer did not:

- Review inventory reconciliation forms to examine reported discrepancies for reasonableness.
- Review inventory system controls to reasonably ensure the accuracy of recorded discrepancies.
- Review any major inventory losses to ensure an adequate or reasonable resolution.
- Review amounts of monthly or year-to-date write-offs for reasonableness.
- Compare the inventory summary to the general ledger account balance.

During the audit, we identified assessment tools in two other states that could be useful if adapted to Washington state:

- In Oregon, the annual monitoring is split into two on-site visits – one to review local agencies' policies, procedures, client files and field operations and another to review fiscal systems.
- Wisconsin's assessment tool is substantially more detailed and includes a section requiring verification to ensure the processes are tested to see if they work.

Recommendations to improve financial monitoring

Commerce management should:

1. Take immediate action to ensure the Division conducts thorough, comprehensive annual reviews of all local agencies to provide adequate oversight of the use of weatherization funds. These reviews should:
 - A. Ensure local agencies require and retain detailed documentation, such as contractor invoices, in client files to support amounts charged for weatherization work.
 - B. Examine a sample of invoices paid by local agencies to verify the reasonableness and accuracy of amounts charged for weatherization work and to ensure financial monitors review contractors' material and labor costs for reasonableness.
 - C. Reconcile amounts paid to local agencies to the actual cost of weatherizing homes to verify the accuracy of reimbursements to local agencies.

Issue 2: The Division's follow-up inspections did not emphasize improving local agencies' inspection processes, did not ensure local agencies resolved substandard work, and did not provide for increased monitoring at low-performing agencies.

The U.S. Department of Energy requires the Division to conduct on-site inspections of at least 5 percent of weatherized homes to assess whether the work meets program requirements. The state inspections occur after local agency staff certify the completeness and quality of work for each unit.

The Department requires local agencies to inspect all completed weatherized homes. The Division analyzes the effectiveness of those inspections. Division follow-up inspections often reveal substandard work, which indicates the local agencies' inspections did not detect the problems.

The Division is responsible for ensuring the work is corrected and for identifying deficiencies in the agencies' processes and how to correct them.

To assess the Division's inspection process, we accompanied inspectors on several follow-up inspections. We concluded they are adequately trained and have the technical expertise to identify substandard weatherization work and recommend appropriate corrective action to resolve substandard issues.

Although Division inspectors did not review all weatherization work completed in each home, they did review a large sample and consistently placed a high priority on addressing health and safety issues. We observed Division inspectors discussing issues and making recommendations while on-site. We observed open communication between Division and local agency staff, which allowed staff to provide additional information on identified issues. After they completed their inspections, Division personnel provided the results in writing to the local agencies, including violations or other problems, necessary corrective actions, and time frames for completion.

We examined reports of the Division's review of inspections performed by five local agencies at 261 weatherized homes from October 2009 to September 2010 and identified several shortcomings with the Division's monitoring and inspection process:

- A. Local agencies' inspections were consistently cited for failing to identify substandard work and the Division did not consistently ensure that the issues were corrected or processes improved.
- B. The Division did not increase monitoring at local agencies that exhibited consistent performance problems.
- C. We observed one instance in which Division staff allowed a local agency to select projects for follow-up inspections, potentially compromising the integrity of the monitoring process.

A. The local agencies' inspections were consistently cited for failing to identify substandard work. The Division did not consistently ensure the issues were corrected or processes improved. Division monitors who conducted follow-up inspections at local agencies consistently cited local agencies inspections for failing to identify substandard weatherization work in completed homes. The follow-up inspections by the Division take place after the local agency inspects and certifies that all weatherization work in a completed home was done appropriately by the contractor. The Division found substandard work which required a contractor return to the home to make repairs in 37 percent of the homes for which it conducted follow-up reviews at five local agencies, as shown in **Exhibit 5**.

We determined several possible reasons why some local agencies did not identify substandard work:

- One agency documented its final weatherization inspection with a homeowner-signed satisfaction sheet at the end of the job. Agency managers asserted all homes had been inspected, but we found no final inspection documentation certifying the work had been completed.
- Another agency had not conducted final inspections but periodically inspected work in-progress. Therefore, the Division's follow-up inspections were the first evaluations of all completed work.
- In several cases, local agencies paid contractors before the final inspections. After invoices are paid, it is more difficult to motivate contractors to correct identified errors.

Exhibit 5 Division Follow-up Inspections of Five Local Agencies October 2009 to September 2010				
Agency	Homes Weatherized	Homes inspected by the Division	Division inspections that identified substandard work	Percent of Division inspections that identified substandard work
Agency 1	1,189	88	23	26%
Agency 2	120	50	14	28%
Agency 3	693	72	23	32%
Agency 4	181	37	22	59%
Agency 5	129	14	14	100%
Totals	2,312	261	96	37%
<i>Source: State Auditor's Office analysis of Division information.</i>				

The U.S. Department of Energy requires the state to analyze the effectiveness of the local agencies' inspection processes, but we found Division inspectors did not consistently determine why substandard work was not discovered during the local inspections. In several cases, Division inspectors identified safety and health issues but did not identify whether or how the local agency failed to spot the issues during its own, earlier inspections. These issues included:

- Contractors' failure to install required carbon monoxide detectors.
- A failure to test homes for the presence of carbon monoxide and appliances for gas leaks.
- An uncovered electrical junction box.

Substandard weatherization work left uncorrected may compromise residents' health and safety.

When the Division's follow-up inspections identify substandard weatherization work, local agencies are required by the Division to submit written responses as evidence that the problems are corrected. In September 2010, the Division conducted a pilot project to determine whether problems identified during follow-up inspections were corrected. Division inspectors visited 47 homes where their earlier inspections identified substandard weatherization work. **In nine homes, 19 percent, the Division found the corrections had not been completed or the corrective work was done in a substandard manner.**

Additionally, we reviewed 36 client files from five local agencies in which the Division follow-up inspections called for corrective action. Nine of the files, 25 percent, contained no documentation to show the substandard work was corrected.

The following case underscores the importance of consistently improving the local agency inspection process **and** ensuring corrective actions are taken.

During a February 2010 follow-up inspection, a Division inspector determined a contractor had not installed all weatherization measures at a home where the contractor said the work had been completed. However, the inspector found the Department paid \$7,300 for the installation, including labor charges.

In this case, the inspector found the local agency was using what is known as a "peer-to-peer" method for final inspections. The local agency contracted with three vendors to perform weatherization work and to inspect each others' completed homes. The Division determined one contractor signed off on work without doing an inspection; as a result, the Division paid the \$7,300 for incomplete work. The Division requested the local agency to resolve the problem and improve its inspection process. However, the September 2010 pilot project found the corrective work was faulty – the roof was leaking where the bathroom fan had been installed, creating a mold problem in the house. The Division did not document whether the local agency conducted an inspection of the corrected work and certified the completeness and quality.

B. The Division did not increase monitoring at local agencies that exhibited consistent performance problems. The U.S. Department of Energy requires the Division to conduct follow-up inspections on at least 5 percent of each local agency's weatherized homes, and the Division has established an internal goal of inspecting 20 percent of the completed homes annually. When selecting homes to inspect, the Division considers factors such as staffing, time, type of heat source, cost, variety of contractors and house types and selects a sample for follow-up inspections. The Division provides its lists of homes to the local agencies and requests the agencies schedule the inspections. This ensures compliance with U.S. Department of Energy's 5 percent requirement, but does not consider factors such as local agency performance or program risks found during previous inspection results. As a result, the Division does not focus its monitoring efforts on local agencies that have a high percentage of substandard work.

If the Division used a risk-based monitoring approach, it could increase the number and frequency of inspections at local agencies that have a high percentage of substandard work while reducing monitoring at those with better records.

We found that at least one other state uses a risk-based approach. Texas allocates monitoring resources based on factors that include the contract amount, previous inspection findings, the status of corrective actions, the results of annual independent audits, and periodic desk reviews of expenditures and production levels.

C. We observed one instance in which Division staff allowed a local agency to select projects for follow-up inspections, potentially compromising the integrity of the monitoring process. The Division's program policies state, "Commerce or their designees will select all projects for inspection". However, during one of our three on-site visits with Division monitors, the Division allowed the local agency to select the homes for inspection. When we asked the Division monitor and managers why the local agency was permitted to select the homes, they said they sometimes made concessions to more challenging local agencies in order to preserve satisfactory working relationships. While good working relationships are important, deviations from the required process could damage the integrity and credibility of the Division's monitoring process.

Recommendations to improve the monitoring of local agencies

Commerce management should ensure the Division:

1. Establishes and follows formal procedures to ensure substandard weatherization work identified during follow-up visits is satisfactorily resolved in a timely manner.
2. Follow-up inspections emphasize analyzing the effectiveness of the local agencies' inspection process. The Division should identify and recommend correction of systemic problems to ensure that local agencies, including their contractors and inspectors, address known weaknesses.
3. Increases monitoring at local agencies that exhibit consistent performance problems.
4. Inspectors adhere to established policies and procedures when they select projects for inspection.

Issue 3: During our audit, the Division did not have the information systems it needed to handle the significant demands of the Recovery Act.

The U.S. Department of Energy requires the Division to track findings it identifies during local agency monitoring visits and financial audits. It recommends the tracking system include findings, recommended corrective actions, deliverables, due dates, responsible parties, actions taken and final resolutions, including success stories.

When we conducted the audit, the Division did not have the information systems it needed to handle the significant demands of the Recovery Act. The Division was collecting data from local agencies in a variety of forms and storing it electronically or on paper in different information systems. Additionally, the Division reported the 25 local agencies all had their own information systems with varying levels of sophistication.

Division managers said the lack of an organized information system made it challenging to collect and report cohesive data to meet program reporting requirements, including the stringent requirements of the Recovery Act. Although the Division maintains it has met all state and federal reporting requirements, this shortcoming made it difficult to generate data to improve program effectiveness.

In February 2011, the Division began the first phase of a new project to enhance its information system. The Weatherization Information Data System is designed to collect data to meet state and local agency business needs. If the system performs as designed, it should enable the Division to:

- Track planned and actual expenditures for each project by agency, funding source, and type and quantity of production.
- Monitor contract fund balances.
- Identify the number of projects completed and in-progress by agency, fund source, project status, key dates, and type of building or project.
- Focus follow-up monitoring on local agencies with under-performing inspection processes.
- Determine local agencies' management, technical assistance and training needs.
- Provide quick access to performance measures such as cost-per-unit, completion times, production trends and types of projects. This will help Division staff identify trends, achievement of objectives and potential problem areas.
- Identify specific buildings and building complexes that have been weatherized.

Leading practices encourage oversight agencies to establish systems for analyzing program information, improving program effectiveness and efficiency, and reporting results. Based on our observations, the system under development should help Division managers improve the follow-up monitoring effort.

Recommendation to improve program information

Commerce management should:

1. Complete development of the planned information system to aggregate and track program information and assist in risk-based oversight of local weatherization agencies.

AGENCY RESPONSE



STATE OF WASHINGTON

August 3, 2011

The Honorable Brian Sonntag
Washington State Auditor
P. O. Box 40021
Olympia, WA 98504-0021

Dear Auditor Sonntag:

Thank you for the opportunity to provide this official management response to the July 14, 2011, performance audit report on the Department of Commerce's (Commerce's) Low-Income Weatherization Assistance Program (Weatherization Program) funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act). These funds aided our economy by creating and saving local jobs and by improving the energy efficiency, health, and safety of our state's vulnerable low-income households.

Washington State has consistently been among the top 12 Recovery Act weatherization producers in the nation. Since 2009, our program weatherized 11,034 units, which is 154 percent of the 7,170 Recovery Act units targeted for Washington. Weatherization measures improved energy efficiency in homes, reduced energy bills, addressed health and safety concerns, created and sustained jobs, and supported local businesses, from subcontractors to suppliers. The U.S. Department of Energy conducted two comprehensive monitoring assessments in 2010. The two reports issued to Commerce earlier this year stated "*...there were no findings or corrective actions cited...*".

We appreciate the thorough review by the State Auditor's Office (SAO). Your report affirms that Washington's Recovery Act Weatherization Program met sound practices overall by:

- Citing seven examples of employing leading practices in our weatherization monitoring procedures; and
- Finding that Commerce meets 29 of 33 (88 percent) of the "Elements of an Effective System."

We concur with the recommendations from your report. Program managers at the Department of Commerce acted quickly and decisively during and following the SAO review to enact changes, provide training, and communicate expectations. Based on your report, we are implementing additional changes at Commerce and through local agency administrators to make improvements and enhancements to the weatherization program.

The Honorable Brian Sonntag
August 3, 2011
Page 2

Commerce has:

1. Trained all monitors and inspectors to use monitoring and inspection checklists consistently and as a tool for engagement and follow through with local agency program contractors.
2. Reinstated monitor review of project costs as reasonable, documented, and having received final inspection.
3. Reminded local agency service providers of program expectations for work quality control, documentation, and inspections.
4. Implemented a new weatherization data collection and reporting system for Commerce and local agencies.
5. Scheduled and conducted refresher training for local agency weatherization managers and inspectors on inspection standards, consistency, and documentation.


In addition, Commerce will begin:

1. Documenting its monitoring and inspection procedures to increase consistency.
2. Conducting additional inspector trainings.
3. Revising reimbursement and documentation requirements for greater fiscal accountability.

Attached are additional details in response to portions of the report.

Thank you for your assistance in improving Washington's Recovery Act Weatherization Program.

Sincerely,



Marty Brown, Director
Office of Financial Management



Rogers Weed, Director
Department of Commerce

Attachment: Coordinated Management Response from Commerce and OFM

cc: Marty Loesch, Chief of Staff, Office of the Governor
Wendy Korthuis-Smith, Director, Accountability & Performance, Office of the Governor
Dan McConnon, Assistant Director, Community Services and Housing Division, Department of Commerce
John Thomas, Internal Auditor, Department of Commerce

OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON THE DEPARTMENT OF COMMERCE LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM

AUGUST 3 2011

This coordinated management response is provided by the Department of Commerce (Commerce) and Office of Financial Management (OFM) for the performance audit report received July 14, 2011.

SAO Issue 1: The division [Commerce's Community Services and Housing Division] did not establish the sound financial monitoring processes necessary to ensure adequate monitoring of the \$68.1 million in weatherization funds it spent in 2009 and 2010. (Page 13)

RESPONSE:

Based on observations and suggestions by the SAO in January 2011, Commerce made immediate changes to the program's monitoring and inspection procedures. These changes included assessing project scope of work and cost reasonableness and reviewing project documentation, such as final inspection assurance and proof of payment after a satisfactory inspection. These items compose a part of the Weatherization Program's monitoring and inspection review checklist.

In 2009, the Weatherization Program conducted fiscal monitoring at 19 of 25 local agencies.

In-depth Weatherization Program fiscal monitoring was conducted at two of the 19 agencies. Comprehensive fiscal monitoring procedures and checklists have been developed and followed for the past three years.

The division's dedicated financial monitor is a certified public accountant whose reviews will supplement Weatherization Program monitoring and inspections.

Action Steps and Time Frame

- Develop monitoring tool checklist to perform a financial assessment of each project selected for review. (Completed November 2010)
- Implement use of financial assessment checklist in monitoring procedures. (Completed January 2011)
- Direct local agencies to retain project cost documentation in client files. (Completed January 2011)
- Examine sample of local agency invoices paid to verify reasonableness and accuracy of amounts charged. (October 2011)

SAO Issue 2: The Division's follow-up inspections did not emphasize improving local agencies' inspection processes, did not ensure local agencies resolved substandard work, and did not provide for increased monitoring at low-performing agencies. (Pages 17-21)

RESPONSE:

Commerce set a minimum inspection goal of 5 percent of the Recovery Act units weatherized. By the end of 2010, Commerce inspected 34 percent, or 704 units. As of March 31, 2011, Commerce inspected 1,118 weatherized units.

The following response addresses the observations on page 17:

1. *SAO Report: Local agencies' inspections were consistently cited for failing to identify substandard work and the Division did not consistently ensure that the issues were corrected or processes improved.*

- Commerce rigorously inspects weatherized units reported as complete and inspected by local agencies. Every instance of substandard work is used as a technical assistance opportunity to correct or improve local agency inspection systems.
- All corrections require a response from the local agency, including the name of the person performing the repairs and the date the response was completed. This is reviewed for completeness by Commerce. If the written response is inadequate, additional follow-up with the local agency is scheduled, which includes monitoring and inspections when appropriate.
- Local agencies have access to the Building Performance Center (BPC), a federally- funded training and technical assistance organization for weatherization training. All local energy auditors and work-quality inspectors are required to be certified to federal standards by BPC.
- Commerce performed an all-agency assessment in September 2010 to determine whether work documented as “corrected” by local agencies was, in fact, corrected. Commerce found an unacceptable error rate of 19 percent. Field testing of preliminary procedures and practices (to ensure that corrections are performed and verified) began in July 2011. Final development and implementation of written procedures is expected by October 2011.

2. *SAO Report: The Division did not increase monitoring at local agencies that exhibited consistent performance problems.*

- The high volume of Recovery Act funds Commerce received was unprecedented. The funds came quickly and with extraordinary expectations for rapid expenditure and results. To optimize performance and minimize the risk of jeopardizing Recovery Act funding, Commerce chose to temporarily treat all local agencies that were to receive Recovery Act weatherization funding equally until August 2011. When agencies with performance problems were identified, Commerce redirected resources to address specific performance concerns.
- The increase in production volume, addition of less-experienced personnel and subcontractors, and imposition of federal and state wage determinations challenged even the best performing agencies.
- During the performance audit review period, quality control was a major emphasis of Commerce. An elevated inspection level was implemented and maintained for all local agencies with the intention to shift to risk-based monitoring and inspection beginning August 2011. Local agencies were still developing capacity in 2009. By 2010, local agencies achieved full implementation with new crews and vendors.
- Commerce has developed, and is field testing, a risk assessment tool to drive its local agency monitoring and inspections. Local agencies will receive a rating based on eight performance measures. Depending on the determined risk, 10 to 20 percent of completed projects will be inspected. This exceeds the Department of Energy's (DOE) minimum inspection requirement of 5 percent.
- Commerce has historically received recognition from DOE for monitoring and inspection procedures, including being named as a model for other states. DOE conducted a three-day monitoring assessment of the Recovery Act-funded program in December 2010, and issued its report to Commerce on May 3, 2011. DOE's assessment included monitoring one local agency and three client homes, and reviewing and observing Commerce's monitoring and inspection procedures. Once completed, DOE's report stated “...there were no findings or corrective actions cited...”

3. *SAO Report: We observed one instance when Division staff allowed a local agency to select projects for follow-up inspections, potentially compromising the integrity of the monitoring process.*

The circumstance observed by SAO was an anomaly. In January 2010, Commerce adopted a policy that states, "Commerce or its designees will select all projects for inspection."

The assigned monitor worked with the local agency two weeks prior to the scheduled visit, identifying projects Commerce wanted to inspect, thus following the agency's stated policy. Unfortunately, a local agency employee failed to cooperate and respond to requests from Commerce. Because this visit was scheduled to be observed by the SAO, Commerce chose to proceed with the monitoring and inspection visit, and accepted projects selected by the local agency employee.

Nevertheless, the Commerce inspector still observed and recorded necessary corrections. Commerce registered concerns in its monitoring report to the local agency about the lack of cooperation by the employee. The local agency conducted its own investigation, which resulted in the employee's dismissal.

Action Steps and Time Frame

- Notify and remind local agencies of the weatherization program's work quality expectations and documentation. (Completed January 2011)
- Send notice for statewide inspector workshop to local agency weatherization managers and inspectors, including a reminder on work quality expectations and documentation. (Completed March 2011)
- Revise and update monitoring tools and procedures. (Initiated November 2010 and scheduled for completion September 2011)
- Implement written procedures to verify corrections made. (October 2011)
- Develop written step-by-step monitoring and inspection protocol. (October 2011)
- Develop and apply risk assessment tool. (August 2011)
- Select projects for inspection. (Adopted January 2010 and reaffirmed October 2010)
- Schedule and conduct inspection workshop for all local agency weatherization inspectors.

SAO Issue 3: The Division did not have the information systems it needed to handle the significant demands of the Recovery Act.

RESPONSE:

Commerce recognized that the Weatherization Program needed a new data system. Work began on this system in 2008, before the Recovery Act was enacted. The SAO report describes the challenges Commerce and local agencies had in meeting demanding Recovery Act reporting requirements. Since Recovery Act funding was unexpected and so large, a more sophisticated interim data system was developed as soon as the Recovery Act took effect.

Commerce met DOE's reporting expectations and voluntarily provided data to DOE more frequently than required. Commerce was able to meet all Recovery Act reporting requirements, including state Office of Financial Management and federal DOE reporting requirements, and weekly reporting requirements instituted by the Governor's Office in the fall of 2009.

The agency replaced the interim database with a comprehensive online data system that exceeds Recovery Act data requirements. The Weatherization Information Data System went live in February 2011. Commerce acted immediately to ensure that all Recovery Act reporting requirements were satisfied while concurrently developing and refining the system to meet program management needs more efficiently.

APPENDIX A: INITIATIVE 900

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor's Office to conduct independent, comprehensive performance audits of state and local governments.

Specifically, the law directs the Auditor's Office to "review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts." Performance audits are to be conducted according to U.S. General Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor's Office evaluates the relevance of all nine elements to each audit. The table below indicates how the elements are addressed in the Low-Income Weatherization Program Audit.

I-900 Element	Addressed in audit
1. Identification of cost savings	No. The audit was not designed to identify cost-savings. However, having a good monitoring process increases the likelihood that the Recovery Act program goals of stimulating the economy, creating jobs, reducing energy demand and improving the lives of thousands of low income families will be achieved.
2. Identification of services that can be reduced or eliminated	No. We did not identify services that could be reduced or eliminated.
3. Identification of programs or services that can be transferred to the private sector	No. Federal law requires the state to administer the Weatherization Assistance Program.
4. Analysis of gaps or overlaps in programs or services and recommendations to correct gaps or overlaps	Yes. We identified gaps in program practices and recommend strategies to address them.
5. Feasibility of pooling information technology systems within the department	No. However, we recommend the Division complete development of the planned information system to aggregate weatherization information and improve program management.
6. Analysis of roles and functions of the department, and recommendations to change or eliminate departmental roles or functions	Yes. We recommend the Division revise how it administers Recovery Act funds by strengthening its monitoring of local agencies.
7. Recommendation for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	No. We recommend program changes that will enable the Division to strengthen its regulatory role. We do not recommend statutory changes.
8. Analysis of departmental performance data, performance measures, and self-assessment systems	Yes. We found the Division did not make full use of performance data and we recommend specific improvements.
9. Identification of best practices	Yes. We found the Division did not make full use of performance data, and we recommend specific improvements.

APPENDIX B: METHODOLOGY

To gain an understanding of program requirements, we obtained and reviewed federal and state laws, rules, regulations, and guidance from federal oversight agencies relevant to the program and relevant to the audit objectives. We also reviewed grant terms and conditions and the federally approved state plan regarding Recovery Act spending and accountability to evaluate requirements for receiving and administering the funds.

We interviewed key management and staff of the Community Services and Housing Division and reviewed documents they provided on its process for inspecting and monitoring subrecipients, which are the local agencies.

We accompanied Division staff to three local agency on-site visits to observe the monitoring and inspection process and to gain an understanding of how the agencies operate the weatherization program. We also judgmentally selected five local agencies in which to do independent fieldwork to determine whether the Division staff are following the established monitoring system and properly reviewing local weatherization service provider's operations. This review included a look at program files and program delivery to determine if the system adequately safeguards public resources.

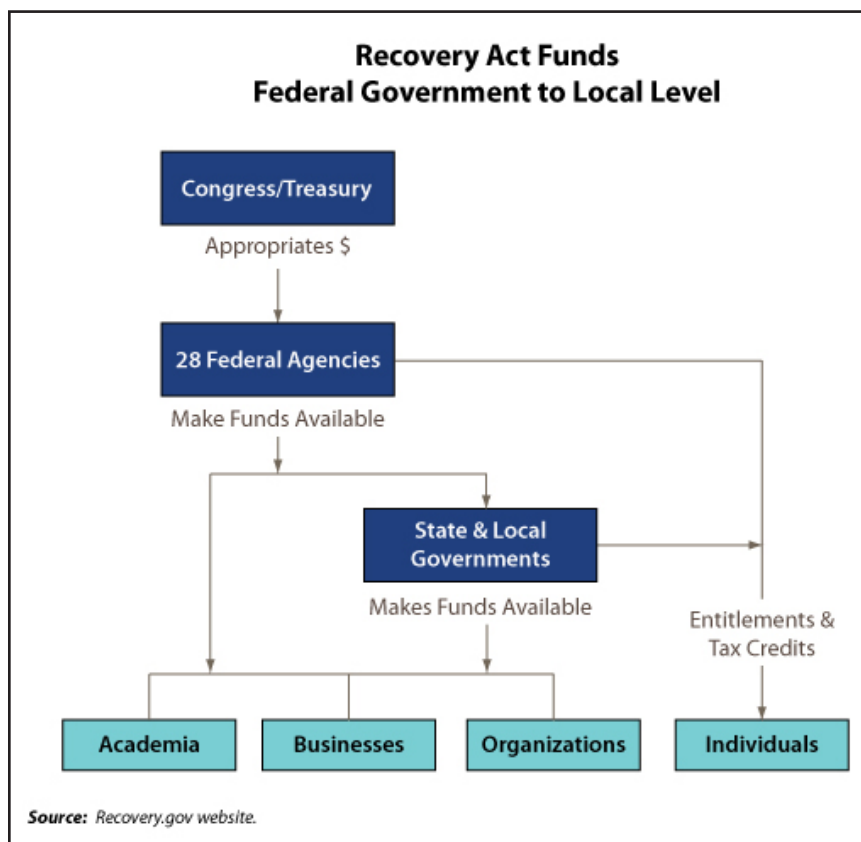
APPENDIX C: RECOVERY ACT

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was passed by the 111th Congress, and signed into law on February 17, 2009. The Act contains \$787 billion in domestic spending, including tax cuts, entitlements, grants, loans and contracts. Washington State received more than \$8 billion in grants, loans and contracts. The stated purpose of the Recovery Act includes:

- Preserving and creating jobs and promoting economic recovery;
- Assisting those most impacted by the recession;
- Providing investments needed to increase economic efficiency by spurring technological advances in science and health;
- Investing in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and
- Stabilizing state and local government budgets in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The need for accountability, efficiency and transparency over Recovery Act spending coupled with a sense of urgency is emphasized by the President and Congress and are central principles of the Act. Specifically, the Recovery Act states funds are used to achieve Recovery Act purposes as quickly as possible, consistent with prudent management.

The figure illustrates the path of Recovery Act funds from the federal government to the local level.



The federal Office of Management and Budget (OMB) is responsible for monitoring compliance with the Act. It has outlined these accountability objectives:

- Funds are awarded and distributed in a prompt, fair, and reasonable manner.
- The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner.
- Funds are used for authorized purposes and systems are in place to deter fraud, waste, errors and abuse.
- Unnecessary delays and cost overruns are avoided.
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

In Washington state, the Governor's Office was required to certify and accept responsibility for the appropriate use of Recovery Act money. It created five core principles to guide state agencies receiving this money that incorporated the need to spend promptly while adhering to a high standard of transparency. They are:

- Get money in people's pockets immediately.
- Create or save jobs in the near-term.
- Make innovative investments in areas that lay the foundation for Washington's 21st century economy.
- Create strategic alliances with the private sector, non-profits, local governments and other state agencies that align goals and leverage resources.
- Apply unprecedented accountability and transparency principles.

APPENDIX D: SOUND PROCESSES

Process	Elements of an Effective System	Commerce did ✓ or did not × follow
Develop standard criteria	Standards should:	
	Establish the types of violations that could occur.	✓
	Determine the level of seriousness for each violation.	✓
	Specify the corrective action needed for each type.	✓
	Specify when those corrective actions must be taken.	✓
	Establish the consequences of not taking corrective actions as required.	✓
Require regular reports from local agencies	The state agency should:	
	Provide guidance to local agencies on who should report, what they should report, and how often they should report.	✓
	Review reported information and verify as needed.	✓
	Follow-up as needed on issues of noncompliance and unfavorable results.	✓
Set-up a schedule to visit local agencies	The local agency visit schedule should be:	
	Frequent enough to provide reasonable safeguards to the public.	✓
	Risk-based.	×
Develop and use standardized checklists and guidance during local agency visits	Standardized checklists and guidance should:	
	Incorporate all significant legal, regulatory and agency requirements and standards related to the regulated industry.	✓
	Provide on-site monitors with appropriate guidance for conducting the visit, including how violations are to be identified and measured.	✓
Provide training to staff who visit agencies	Be easily understood and clearly defined.	✓
	Provide formal training to new inspectors and periodic training to all inspectors on how to use, interpret, and apply standardized checklists or guides accurately, consistently and fairly.	✓
Conduct agency visits in a timely, efficient and effective manner	Factors that are often indicative of efficient and effective agency visits:	
	Conducting all required agency visits.	✓
	Conducting agency visits that are thorough and complete.	×
	Allowing the regulated entity to correct minor problems while the inspector is on site.	✓
	Requiring immediate corrective action if the violations or problems found threaten life or health.	✓
	Providing inspectors with the equipment and technology they need to efficiently and effectively carry out their jobs.	✓

Process	Elements of an Effective System	Commerce did ✓ or did not ✗ follow
Document local agency visit results	Documentation procedures should: Record and discuss violations and preliminary conclusions or recommendations with local agency staff while on site.	✓
	Allow the local agency staff to provide additional information that may have bearing on monitor's findings.	✓
	Require supervisory review of the inspector's work to ensure it was conducted consistent with laws, regulations, and agency expectations and that any conclusions and recommendations are based on clear and sufficient evidence.	✓
	Provide formal, written communication to each local agency documenting the final results of the visit, including any violations or other problems found, corrective actions that need to be taken, and timeframes for completion and corrective actions taken to ensure all identified issues are appropriately addressed.	✓
	Include tracking of the results of all local agency visits conducted, violations found and corrective actions taken to ensure all identified issues are appropriately addressed.	✓
	Include follow-up on-site visits to ensure identified issues are resolved.	✗
	Maintain a record of the results of local agency visits and make those results available to those conducting subsequent visits so they are aware of past issues and violations.	✓
Use information to improve program effectiveness and efficiency	Management should periodically: Evaluate the nature and volume of issues and violations found during local agency visits.	✗
	Evaluate the adequacy and consistency of inspections and enforcement actions, and their effectiveness in protecting the state's citizens from harm.	✓
	Evaluate the extent to which program staff complied with agency policies and procedures in carrying out their responsibilities.	✓
	Evaluate the reliability of program data compiled and maintained by the agency.	✓
	Propose and adopt needed changes in law, regulations, standards, policies, processes, sanctions, fees, etc. to help ensure the program is operating as intended and accomplishing its purpose.	✓

Sources: State Auditor's Office review and observations of the Division and analysis of the National State Auditors Association Best Practices Document "Carrying Out a State Regulatory Program."

APPENDIX E: UNITS WEATHERIZED

Agency Name	Year					
	2005	2006	2007	2008	2009	2010
Benton-Franklin Community Action Council, Pasco	141	94	87	90	124	217
Blue Mountain Action Council, Walla Walla	16	21	19	26	22	111
Chelan-Douglas Community Action Council, Wenatchee	63	33	23	15	103	90
City of Seattle Office of Housing HomeWise Program, Seattle	655	258	497	488	391	1613
Olympic Community Action Programs, Port Townsend	29	25	25	16	76	186
Clark County Department of Community Services, Vancouver	196	227	181	127	264	187
Coastal Community Action Program, Aberdeen	52	35	21	43	59	139
Community Action Partnership, Lewiston, ID	36	37	33	44	59	47
Community Action Center of Whitman County, Pullman	30	58	38	21	49	157
Community Action Council of Lewis, Mason and Thurston Counties, Lacey	105	90	95	96	150	308
Housing Authority of Skagit County, Burlington	14	41	23	20	7	90
King County Housing Authority, Tukwila	443	1172	179	779	394	974
Kitsap Community Resources, Bremerton	68	98	81	62	164	322
HopeSource, Ellensburg	16	27	9	8	16	53
Washington Gorge Action Programs, Bingen	23	26	19	16	44	36
Lower Columbia Community Action Council, Longview	30	25	26	86	46	113
Metropolitan Development Council, Tacoma	99	69	61	75	95	329
Rural Resources Community Action, Colville	11	31	17	24	86	140
Okanogan County Community Action Council, Okanogan	34	19	17	17	43	70
Pierce County Community Services, Tacoma	323	414	420	321	641	742
Snohomish County, Everett	274	224	298	253	320	689
Spokane Neighborhood Action Partners, Spokane	321	361	271	251	444	574
The Opportunity Council, Bellingham	102	99	76	95	165	565
Yakima Valley Farm Workers Clinic, Toppenish	136	66	67	59	66	135
Opportunities Industrialization Center of Washington, Yakima	162	159	223	185	138	162
Totals	3,379	3,709	2,806	3,217	3,966	8,049

Source: Washington State Department of Commerce.

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