



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-11-0237

November 23, 2009

ARRA REVIEW OF INDIANA HOUSING AND COMMUNITY  
DEVELOPMENT AUTHORITY WEATHERIZATION ASSISTANCE FOR  
LOW-INCOME PERSONS

*Indiana Inspector Staff Attorney Kristi Shute and State Examiner Bruce Hartman  
of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of the Weatherization Assistance for Low-Income Persons<sup>1</sup> program also known as the Home Energy Conservation program awarded to the Indiana Housing and Community Development Authority (“IHCDA”).<sup>2</sup>

The purpose of the Weatherization Assistance for Low-Income Persons program is to increase the energy efficiency of dwellings owned or occupied by low-income persons or to provide such persons renewable energy systems or technologies, reduce their total residential expenditures, and improve their health

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<sup>1</sup> 10 C.F.R 440 (2009).

<sup>2</sup> The Indiana Housing and Community Development Authority is established at IC 5-20-1-3.

and safety.<sup>3</sup>

## I

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act (“ARRA”). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.<sup>4</sup>

The purpose of this report is to reflect an initial evaluation of ARRA compliance by IHCDA as it relates to the Weatherization Assistance for Low-Income Persons program.

## II

In 2009, the IHCDA was initially awarded \$65,923,691 in ARRA funds and will presumably receive an additional \$65,932,691 by March 31, 2010. All

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<sup>3</sup> See footnote 1.

<sup>4</sup> Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (“OIG”) and the State Board of Accounts (“SBOA”) that the expenditure of government funds may invite fraud and waste. The OIG’s enabling statute states that the OIG “is responsible for addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b). The OIG is also mandated to “recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government.” IC 4-2-7-3(2). These duties include the authority to “initiate, supervise and coordinate” investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to “prepare interpretive and educational materials and programs.” IC 4-2-7-3(16). Immediately upon the OIG’s creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies’ missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law”. IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (“OMB”).

funds must be obligated and liquidated by March 31, 2012, and will be utilized to improve home energy efficiency for low-income families.

### III

#### Findings

From our initial review, we conclude that, except for the issue discussed below, the controls over the program are adequate to meet the respective federal ARRA and State OMB guidelines and requirements.

The IHEDA's certified public accounting firm reported a finding for the conventional weatherization program regarding inadequate documentation submitted by subrecipients in its 2007 A-133 federal audit report. This finding was repeated in its 2008 report.

Accordingly, since the ARRA award amount combined with the conventional program will be 11 times the total of all current annual weatherization programs, we will perform additional procedures at a later time to verify compliance requirements.

Dated this 23rd day of November, 2009.

APPROVED:



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David O. Thomas, Inspector General