U.S. Department of Energy

Office of Inspector General

Office of Audits and Inspections

AUDIT REPORT

The Department of Energy's Water Power Program

OAS-M-14-07

June 2014

Department of Energy
Washington, DC 20585

June 26, 2014

MEMORANDUM FOR THE ASSISTANT SECRETARY FOR ENERGY EFFICIENCY
AND RENEWABLE ENERGY

George W. Collard

FROM: George W. Collard
Assistant Inspector General
for Audits
Office of Inspector General

SUBJECT: INFORMATION: Audit Report on "The Department of Energy's Water Power Program"

BACKGROUND

The Department of Energy (Department), Office of Energy Efficiency and Renewable Energy's (EERE) Water Power Program promotes the development of innovative technologies capable of generating cost-effective, renewable electricity from water resources. These include marine and hydrokinetic technologies that harness energy from waves, tides and currents, and conventional hydropower, which generates power from dams and diversion structures. Hydropower produces the largest share of renewable energy by providing 7 percent of our Nation's electricity. The Program's long-term goal is to supply 15 percent of our electricity needs from water power by 2030.

To accomplish its goals, the Program provides financial assistance awards for research, development, demonstration and deployment activities. From June 2008 to January 2013, the Program provided 105 financial assistance awards totaling $157 million. The awards ranged from $56,000 to almost $13 million and were given to more than 70 recipients, including universities, marine engineering firms, and public utility companies. Seven of these recipients received a total of $30.6 million in funding from the *American Recovery and Reinvestment Act of 2009* for improvements to conventional hydropower facilities.

Given the significant role of the Program in supporting initiatives for energy independence, environmental protection, and climate change, we initiated this audit to determine whether the Department was efficiently and effectively managing the Program.

RESULTS OF AUDIT

We found that the Program had generally implemented controls designed to help enhance its project management practices by establishing short-term goals, monitoring its recipients on a regular basis, and in some cases, requiring recipients to submit cost documentation prior to being reimbursed. However, we identified several opportunities to improve the economy and efficiency of the Program. Specifically:

- For-profit recipients had not completed and submitted compliance audits as required by Federal regulations (10 CFR 600.316). The Department required the audits to determine whether recipients had internal controls in place to provide reasonable assurance of compliance with Federal regulations and the terms and conditions of the financial assistance awards. However, 8 of 15 for-profit recipients had not completed and submitted the audits as required. This occurred because the Program did not have a process in place to identify the for-profit recipients that expended $500,000 or more in Department funds in a fiscal year, the threshold for completing compliance audits.

- Payment restrictions were not put in place to address weaknesses identified in an accounting system audit at one recipient. Specifically, the Program did not modify the terms and conditions of the recipient's previously negotiated awards despite the results of an audit that indicated significant problems with the recipient's accounting system, such as its inability to identify and separate unallowable costs. We noted that the Program did not have a process in place to modify the payment terms and conditions of previously negotiated awards when accounting system weaknesses were subsequently identified after a more recent award was made.

Additionally, in some instances we found that the Program had not ensured recipients managed project funds in accordance with Federal regulations and/or the terms and conditions of their awards. For example, although prohibited by regulation, recipients maintained funds in excess of needs, in part, because the Program had not enforced the terms and conditions of the awards that only allowed reimbursements after the recipients had already disbursed funds. Further, we were unable to substantiate the allowability of costs totaling $2.1 million to one recipient because Program officials asserted that the documentation necessary to support the costs had been lost following an information technology systems crash in 2013. Apparently the supporting documentation was not properly "backed up" or maintained in the required electronic repository, factors which contributed to officials' inability to recover the required supporting documentation.

The identified weaknesses in the Program's financial and administrative oversight of recipients increased the risk that Program officials may not be able to identify recipients that may not have complied with applicable laws, regulations and award requirements. There is also an increased risk that recipients will incur unallowable or unnecessary costs.

EERE had begun to take action to address the issues identified during our review. For example, EERE has implemented new procedures for monitoring compliance with the Department's for-profit audit requirement, addressing payment restrictions, and establishment of project milestones through its Strengthening Operations for Accountability and Results reform initiatives. In addition, according to Program officials all staff have participated in EERE's Active Project Management Training, which is intended to help ensure effective, efficient and consistent project management. However, additional actions are needed to further improve controls over the Program. We made several recommendations that, if implemented, should help improve controls over the Program.

MANAGEMENT REACTION

Management concurred with the report's recommendations and identified planned actions as well as actions that had already been completed to address the recommendations.

Management's comments are included in Appendix 2.

Attachment

cc: Deputy Secretary
Deputy Under Secretary for Science and Energy
Chief of Staff

AUDIT REPORT ON THE DEPARTMENT OF ENERGY'S WATER POWER PROGRAM

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THE DEPARTMENT OF ENERGY'S WATER POWER PROGRAM

DETAILS OF FINDING

The Department of Energy (Department), Office of Energy Efficiency and Renewable Energy's (EERE) Water Power Program promotes the development of innovative technologies capable of generating cost-effective, renewable electricity from water resources. These include marine and hydrokinetic technologies that harness energy from waves, tides and currents, and conventional hydropower, which generates power from dams and diversion structures. While the conventional hydropower industry is notably well established, marine and hydrokinetic technologies are in an early stage of development. Hydropower produces the largest share of renewable energy by providing 7 percent of our Nation's electricity. The Program's long-term goal is to supply 15 percent of our electricity needs from water power by 2030.

To accomplish its goals, the Program provides financial assistance awards for research, development, demonstration, and deployment activities, typically in the form of grants and cooperative agreements. The Program is tasked with monitoring its recipients' compliance with Federal regulations and Program guidelines, and measuring project progress and performance. The Program also performs technical and financial reviews of award applications, as well as pre-audits to evaluate the capability of applicants to successfully carry out their projects. In addition, many award recipients are required to provide a percentage of the total project costs and to disseminate the results of completed projects to the Department.

The Hydropower Program was closed out in Fiscal Year (FY) 2006, but re-established as the Water Power Program in FY 2008, with a mandate from the *Energy Independence and Security Act of 2007* to expand its activities from conventional hydropower to also include marine and hydrokinetic renewable energy production. Since its FY 2008 budget of $10 million, the Program's annual budget has increased to almost $59 million in FY 2012. From June 2008 to January 2013, the Program provided 105 financial assistance awards totaling $157 million. The awards ranged from $56,000 to almost $13 million and were given to more than 70 recipients, including universities, marine engineering firms, and public utilities. Seven of these recipients received a total of $30.6 million in funding from the *American Recovery and Reinvestment Act of 2009* for improvements to conventional hydropower facilities.

Water Power Program Management

We found that the Program had generally implemented controls designed to help enhance its project management practices by establishing short-term goals, monitoring its recipients on a regular basis to assess project progress and in some cases, requiring recipients to submit cost documentation prior to being reimbursed. Moreover, the Program was in the process of implementing additional procedures to further improve its project management practices. For example, a new standard operating procedure encourages projects to have milestones that are specific, measurable, achievable, relevant and timely.

However, we identified several areas in need of improvement. Specifically, the Program had not ensured for-profit recipients completed and submitted compliance audits as required, and that payment restrictions were put in place to address weaknesses identified in an accounting system audit at one recipient. Additionally, the Program had not ensured that recipients did not maintain funds in excess of need, and followed the Department's standard invoice submission process.

Audit Compliance

We found that the Program had not always ensured compliance audits of for-profit recipients were completed and submitted as required, and that payment restrictions were put in place to address weaknesses identified in an accounting system audit at one recipient.

For-Profit Audits

The Program had not ensured 8 of the 15 for-profit recipients that expended $500,000 or more in Department funds in at least one fiscal year from 2010 through 2012, had completed and submitted compliance audits as required by Federal regulations (10 CFR 600.316). Specifically, the 8 recipients should have completed and submitted 11 compliance audits over a 3-year period. However, the Program had not received any of the audit reports as of August 2013. The Department required the audits to determine whether recipients had internal controls in place to provide reasonable assurance of compliance with Federal regulations and the terms and conditions of the financial assistance awards.

Compliance with the Department's audit requirement was not enforced because the Program had not established a process to identify for-profit recipients that expended $500,000 or more in Department funds in a fiscal year, the threshold for completing compliance audits. As a result, the Program relied on each recipient to complete and submit the required compliance audits when expenditure thresholds were met. In addition, EERE officials and some award recipients told us that they were not clear on how to comply with the Department's audit requirement. We identified similar concerns that compliance audits were not being obtained or reviewed by the Department in our audit report *Solar Technology Pathway Partnerships Cooperative Agreements* (OAS-M-11-02, March 2011). In response to this previous report, the Department had updated its *Federal Assistance Reporting Checklist* and *Guide to Financial Assistance* to include the for-profit audit requirement.

By not enforcing audit compliance, the Program cannot be assured that recipients had internal controls in place to ensure compliance with Federal regulations and the terms and conditions of their awards. As a result of our audit, Program officials told us they had notified the eight for-profit recipients of their noncompliance with the requirement. Subsequently, for four recipients, the Program waived the audit requirement for previous years, pending the results of more recent compliance audits, or granted additional time to complete the audits.

After we brought this issue to their attention, EERE officials reported that they are now tracking recipients' compliance with the Department's for-profit audit requirement. In addition, EERE reported that it will establish a process to notify recipients when audit reports are due and follow-up with recipients when audit reports are delinquent. These processes are expected to be implemented no later than March 2015 and July 2014, respectively.

Accounting System Audit

We found that mitigating actions were not taken to address weaknesses identified in an accounting system audit conducted for one recipient we reviewed. To help ensure compliance with the Department's standards for financial management systems (10 CFR 600.311), the Program can request an audit to evaluate the adequacy of a recipient's accounting system. In February 2010, a recipient received two awards that did not contain any payment restrictions; allowing the recipient to draw down funds without the Program's pre-approval. About 8 months later, an October 2010 accounting system audit revealed multiple accounting system deficiencies, such as the recipient's inability to identify and separate unallowable costs. To its credit, after considering the extent of these deficiencies, the Program categorized a subsequent award as "at-risk" and required the recipient to obtain pre-approval before reimbursements were made. However, the Program did not modify the terms and conditions of the previously negotiated awards to apply these same payment restrictions. As a result, the Program assumed a higher risk of unallowable costs being submitted by the recipient.

We noted that the Program did not have a process in place to modify the payment terms and conditions of previously negotiated awards when accounting system weaknesses were subsequently identified after a more recent award was made. However, as part of EERE's new standard operating procedure for competitive Funding Opportunity Announcements, all future awards will contain the same payment terms, which will require pre-approval for all reimbursement requests for for-profit recipients. In addition, EERE officials noted that they now conduct "kickoff" webinars with new recipients to address their financial responsibilities, including accounting and audit requirements, and unallowable costs.

Funds Management

We found that the Program had not always ensured that recipients managed project funds according to Federal regulations and/or the terms and conditions of their awards. Specifically, we found that the Program had not always ensured recipients did not maintain funds in excess of need and followed the Department's standard invoice submission process.

Funds Disbursement

We found that one recipient received cash advances totaling $209,717, but had not disbursed the funds more than 10 months later. The recipient had received the advances despite the terms and conditions of its award that allowed reimbursements only after the recipient had already disbursed funds. The recipient indicated that it had requested the reimbursements based on Federal regulations (10 CFR 600.312) that allowed reimbursements for costs incurred, based on accruals. However, EERE officials told us that the reimbursement conditions specifically outlined in the recipient's award terms and conditions took precedence. The Program later modified its position and reported that the terms and conditions were incorrect, and that payments should be based on immediate disbursement needs. The Program is planning to revise the terms and conditions accordingly.

This potential revision to the terms and conditions is similar to the cited regulations that required when recipients do receive advances, they should minimize the time elapsed between the receipt and disbursement of advanced funds. Specifically, the regulations state that cash advances should be as close to administratively feasible to the recipient's disbursement of the funds for Program purposes. However, since the recipient maintained excess funds for more than 10 months, an immediate disbursement need was not apparent.

As a result of our audit, the recipient identified an error that had resulted in its receiving approximately $62,193 for costs that had been double-billed by its contractor and reimbursed by the Program. The error occurred prior to October 2012, but was not identified until we initiated our audit almost 8 months later. Had the recipient timed its receipt of the funds concurrent with its actual disbursements, as required by the terms and conditions of its award, then it may have identified the discrepancy more timely. After we brought the $209,717 in advanced payments to its attention, the Program resolved the issue by permitting the recipient to offset the double-billing of $62,193 against other allowable expenditures and disburse the remaining $147,524 to one of its contractors.

The recipient failed to disburse the advances in a timely manner for a number of reasons. For example, the recipient stated that its contractor failed to submit invoices for work it had completed. In addition, according to the recipient, the Department permitted payments based on costs incurred even though EERE officials acknowledged that the terms and conditions disallowed this practice. Further, we found that the Program had not required the recipient to submit detailed supporting documentation to justify its payment requests, which may have identified the advances. However, to improve financial monitoring, EERE officials reported that they will be implementing several new processes, including an enhanced invoice documentation requirement for reimbursement requests.

Similarly, a September 2012 independent audit found that another Program recipient allowed 3 to 9 months to elapse between the receipt of Program funds and the disbursement of those funds to its vendors. As a result of that audit, Program officials required that recipient to ensure vendor disbursements were to be made within 5 business days of the receipt of Program funds.

Unsupported Costs

We found that the Program was unable to provide documentation to substantiate approximately $2.1 million in costs to one recipient. Due to multiple weaknesses identified in the recipient's accounting system and concerns over its financial capability, the Program required reimbursement requests to be submitted through the Automated Clearing House vendor payment system, the Department's reimbursement system when supporting documentation is required. In addition, the terms and conditions provided that only verifiable costs, such as equipment and sub-contractual costs that could be demonstrated through invoicing and voucher would be approved for payment. Program officials asserted that the documentation necessary to support the costs, which was provided via email, had been stored electronically in a commonly-used document management system. However, following an information technology systems crash in early 2013, which the Program asserted was beyond its control, most of the documents stored in that system were lost, including the documentation necessary to support the $2.1 million in costs, about half of which was reimbursed by the Program and the other half paid by the recipient as cost share. Program officials stated that after the system crash, they attempted to recreate the documentation by searching old emails, however, they were unable to do so.

A review of the information technology systems controls associated with the document management system was outside the scope of our audit. However, it appeared that the supporting documentation was not properly "backed up" or maintained in the required electronic repository, factors which contributed to officials' inability to recover the required supporting documentation. Because the recipient was no longer in business due to financial constraints, the Program may be unable to obtain supporting documentation for these costs, or recoup Program funds if unallowable costs were ultimately identified. However, in response to our audit, Program officials reported that high-risk for-profit recipients are now required to submit supporting documentation through the Automated Clearing House vendor payment system.

In addition to the lack of supporting documentation, we found that the Program continued to reimburse the same recipient more than $750,000 over a 6-month period, even though initial project objectives had not been met. Program officials stated that the recipient was making progress towards meeting project objectives, but generally, because projects did not always have quantifiable goals and metrics, measuring project progress was more subjective. However, EERE's new Standard Operating Procedure encourages projects to have milestones that are specific, measurable, achievable, relevant, and timely. Also, all projects greater than 1 year in length will be subject to an annual stage-gate (go/no-go) decision.

Further, at another recipient, we found minor amounts of potentially unallowable travel costs that we brought to management's attention. Program officials reported that EERE is in the process of establishing a Central Invoice Review Unit to ensure consistent and rigorous review of recipients' future reimbursement requests.

Subsequent Event

The Program informed us that it had mutually agreed with one of the recipients we selected for testing to terminate one of its awards. Program officials stated that the termination was considered the best alternative due to increased costs related to the project and the recipient's inability to obtain additional financing. At the time of termination, the recipient had spent approximately $1.2 million of the $2.4 million obligated to the project.

Impact and Path Forward

The identified weaknesses in financial and administrative oversight of recipients increased the risk that Program officials may not be able to identify recipients that have not complied with applicable laws, regulations, and award requirements. There is also an increased risk that recipients will incur unallowable or unnecessary costs.

EERE had begun to take action to address the issues identified during our review. For example, EERE had implemented new procedures for monitoring compliance with the Department's for-profit audit requirement, addressing payment restrictions, and establishment of project milestones through its Strengthening Operations for Accountability and Results reform initiatives. In addition, according to Program officials, all staff have participated in EERE's Active Project Management Training, which is designed to help ensure effective, efficient, and consistent project management. However, additional actions are needed to further improve controls over the Program.

RECOMMENDATIONS

We recommend the Assistant Secretary for EERE direct the Water Power Program Manager to:

1. Identify the for-profit recipients that have expended $500,000 or more in Department funds in a fiscal year to ensure audit reports are completed and submitted in compliance with Federal regulations 10 CFR 600.316;

2. Ensure recipients understand and comply with the award terms and conditions relating to for-profit audit compliance and payment requirements, such as in instances where Program funds are to be provided based on reimbursement rather than costs incurred;

3. Require for-profit recipients to submit supporting documents for reimbursement requests through the Automated Clearing House vendor payment system to ensure there is a complete set of official records; and

4. Incorporate new EERE standard operating procedures to encourage project milestones that are specific, measurable, achievable, relevant and timely.

MANAGEMENT RESPONSE

Management concurred with our recommendations and identified planned actions as well as actions that had already been completed to address the recommendations. For example, management indicated that it is currently tracking for-profit audits to ensure compliance with 10 CFR 600.316. In addition, management stated that it has begun implementing several new Standard Operating Procedures and processes to enhance financial and project monitoring. Finally, management is establishing a Central Invoice Review Unit to review all reimbursement requests submitted by high-risk recipients and ensure that complete supporting documentation is provided with each submittal.

Additionally, management stated it would require project management plans for larger, more complex projects and that it would use cooperative agreements to fund new awards where the Department project manager would have substantial involvement in the management of the project.

Management's comments are included in Appendix 2.

AUDITOR COMMENTS

Management's corrective actions are responsive to our recommendations.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The objective of the audit was to determine whether the Department of Energy's (Department) Water Power Program was efficiently and effectively managed.

Scope

The audit was conducted between March 2013 and June 2014, at the Department's Golden Service Center in Golden, Colorado, and three grant recipient locations. Our audit included an evaluation of the management and performance of the Program and a review of the oversight and monitoring of financial assistance agreements. We also performed a limited desk review for a sample of other Program recipients. The audit was conducted under Office of Inspector General Project Number A13RA004.

Methodology

To accomplish our objective, we:

- Interviewed key Program officials and award recipients.

- Reviewed and evaluated applicable laws, regulations, policies and procedures, pertaining to Program grant-related activities.

- Evaluated the Program's progress towards meeting its performance goals and objectives.

- Selected three recipients for detailed reviews. These recipients received eight awards for in aggregate of nearly $19 million, with total project costs exceeding $52 million. The three recipients were judgmentally selected from a universe of 71 recipients and 105 awards totaling $157 million. We narrowed the recipient universe by considering high-dollar awards with a significant amount of expenditures. In addition, we selected recipients that received awards for both conventional hydropower, and marine and hydrokinetic projects. For the three recipients, we evaluated the following: budget, schedule and performance, award justification, procurement, earned interest and Program income, timeliness, justification, and adequacy of supporting documentation for payments, cost share contributions, goals and milestones, sub-recipient monitoring and project oversight, and compliance with laws, regulations, policies and procedures.

- Reviewed 18 invoices from the three recipients totaling slightly more than $2 million to review cost allowability and reasonableness. The invoice dates ranged from June 2010 through March 2013, and were judgmentally selected based on total dollar amount, coverage of all six awards, and to include various cost categories. However, because our sample was not statistical, we could not project the sample results to the population of financial transactions.

- Conducted field site visits to the three recipients where we interviewed key personnel; reviewed and analyzed supporting documentation, including invoices, sub-contract agreements, purchase orders, and requests for payments; and obtained an overview of the projects and evaluated the performance of the awards.

- Selected 22 recipients that received 32 awards to evaluate project delays. For this analysis we selected the three recipients that were chosen for detailed reviews (above), and judgmentally selected 19 recipients based on project information obtained during the course of our audit and by project type: conventional hydropower, and marine and hydrokinetic projects.

- Judgmentally selected three other recipients for limited reviews (e.g. cost share, adequacy of supporting documentation for reimbursements, and timeliness of funds disbursement) based on discussions with Department personnel and auditor discretion.

We did not use statistical samples during the course of this audit; as a result, we could not project the results of our analyses to the population.

We conducted this performance audit in accordance with generally accepted Government auditing standards. 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 objective. We believe the evidence obtained provides a reasonable basis for our conclusions based on our audit objective. Accordingly, the audit included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the objective. In particular, we assessed the implementation of the *GPRA Modernization Act of 2010* as it relates to the audit objective and found that the Department had established performance measures related to the Program. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We did not rely on computer-processed data to accomplish our audit objective.

Management waived an exit conference.

MANAGEMENT COMMENTS

Department of Energy
Washington, DC 20585

June 11, 2014

MEMORANDUM FOR: RICKEY R. HASS
DEPUTY INSPECTOR GENERAL
FOR AUDITS AND INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: STEVEN G. CHALK S. Chalk
DEPUTY ASSISTANT SECRETARY
FOR RENEWABLE POWER
ENERGY EFFICIENCY AND RENEWABLE ENERGY

SUBJECT: Response to the Office of Inspector General Draft Report on "The Department of Energy's Water Power Program"

The Office of Energy Efficiency and Renewable Energy (EERE) welcomes the opportunity to respond to the recommendations by the Office of the Inspector General (OIG) in its May 2014 Draft Report on "The Department of Energy's Water Power Program."

As a part of the effort to protect taxpayer interests, EERE recognizes America's national interest in the sound management of renewable energy, including water power. The report recognizes that the Program had generally implemented controls designed to help enhance its project management practices by establishing short-term goals, monitoring its recipients on a regular basis, and in some cases, requiring recipients to submit cost documentation prior to being reimbursed. However, the report also identified areas for further improvement, which EERE will address to more effectively manage the Water Power Program moving forward.

The responses of EERE's Wind and Water Power Technologies Office to the recommendations are detailed below.

Recommendation 1: Identify the for-profit recipients that have expended $500,000 or more in Department funds in a fiscal year to ensure audit reports are completed and submitted in compliance with Federal regulations 10 CFR 600.316.

EERE Management Response: Concurs. EERE is currently tracking the for-profit audits which are completed to ensure audit reports are submitted in compliance with 10 CFR 600.316. The Financial Oversight Office at EERE's Golden Service Center will establish a process to follow-up with recipients regarding delinquent audit reports. This process will be implemented no later than July 2014. Further, the Financial Oversight Office will establish a process to proactively identify for-profit recipients who meet the $500,000 expended threshold and notify applicable recipients when upcoming audit reports are due. Implementation of this process is expected to be completed no later than March 2015.

Recommendation 2: Ensure recipients understand and comply with the award terms and conditions relating to for-profit audit compliance and payment requirements, such as in instances where program funds are to be provided based on reimbursement rather than costs incurred.

EERE Management Response: Concurs. EERE has already started implementing several new Standard Operating Procedures (SOPs) and processes to enhance financial monitoring including:

- holding a project kickoff webinar with new awardees to address financial responsibility including accounting, audit requirements, and unallowable costs;
- requiring DOE prior approval for all reimbursement requests rather than automatic drawdowns; requirements for enhanced invoice support documentation; and
- establishing a Central Invoice Review Unit (CIRU). The CIRU, in coordination with the Technical Project Officer and the Contracting Officer, will review all reimbursement requests submitted by high-risk recipients. This team, which will include experts in Federal cost principles and financial audits, will ensure consistent and rigorous review of reimbursement requests submitted by recipients.

Recommendation 3: Require for-profit recipients to submit supporting documents for reimbursement requests through the Automated Clearing House vendor payment system to ensure there is a complete set of official records.

EERE Management Response: Concurs. As mentioned above, EERE has already started implementing several new SOPs. One new SOP requirement requires that the payment method for high-risk for-profit recipients will be reimbursement through the Automated Clearing House (ACH). Requests for reimbursements must now be made electronically through the Department of Energy's Oak Ridge Financial Service Center (ORFSC) Vendor Invoicing Payments Electronic Reporting System (VIPERS). The CIRU, in coordination with the Technical Project Officer and the Contracting Officer, will review all reimbursement requests submitted by high-risk recipients for competitively selected financial assistance awards. CIRU will also ensure that complete supporting documentation is provided with their submittal.

Recommendation 4: Incorporate new EERE Standard Operating Procedures to encourage project milestones that are specific, measurable, achievable, relevant and timely.

EERE Management Response: Concurs. As mentioned above, EERE has already started to implement several new project management SOPs and processes to enhance project monitoring. First, project plans will require detailed and quantifiable quarterly milestones that are specific, measurable, achievable, relevant, and timely. Also, all projects greater than one year in length will be subject to an annual stage-gate (go/no-go) decision. Finally, Project Management Plans (PMPs) will be required for larger, more complex projects and the default for new awards will be cooperative agreements where DOE project managers have substantial involvement in the management of the projects.

FEEDBACK

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Office of Inspector General (IG-12)
Department of Energy
Washington, DC 20585

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