



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

Examination Report

South Carolina Energy Office –
Energy Efficiency and Conservation
Block Grant Program Funds
Provided by the American Recovery
and Reinvestment Act of 2009



OAS-RA-13-21

May 2013



Department of Energy
Washington, DC 20585

May 14, 2013

MEMORANDUM FOR THE PROGRAM MANAGER, WEATHERIZATION AND
INTERGOVERNMENTAL PROGRAM, OFFICE OF ENERGY
EFFICIENCY AND RENEWABLE ENERGY

A handwritten signature in black ink, appearing to read "Jack Rouch", is positioned above the "FROM:" field.

FROM: Jack Rouch, Director
Central Audits Division
Office of Inspector General

SUBJECT: INFORMATION: Examination Report on "South Carolina Energy
Office – Energy Efficiency and Conservation Block Grant Program
Funds Provided by the American Recovery and Reinvestment Act of
2009"

BACKGROUND

The attached report presents the results of an examination of the South Carolina Energy Office's (SCEO) implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act) Energy Efficiency and Conservation Block Grant (EECBG) Program. The Office of Inspector General (OIG) contracted with an independent certified public accounting firm, Lani Eko & Company, CPAs, PLLC (Lani Eko), to express an opinion on SCEO's compliance with Federal and State laws, regulations and program guidelines applicable to the EECBG Program.

The Recovery Act was enacted to promote economic prosperity through job creation and encourage investment in the Nation's energy future. As part of the Recovery Act, the EECBG Program received about \$3.2 billion to assist in implementing strategies to reduce fossil fuel emissions, decrease total energy use of local governments, improve energy efficiency and create jobs. The SCEO is responsible for operating the State of South Carolina's energy efficiency programs and for administering EECBG Program funding. The SCEO received about \$9.6 million that was allocated as block grants to units of local government and competitive grants that support energy efficiency projects.

RESULTS OF AUDIT

Lani Eko expressed the opinion that SCEO complied in all material respects with the aforementioned requirements and guidelines relative to the EECBG Program for the period September 30, 2009 through December 31, 2011. There were no findings and recommendations as a result of this examination.

EXAMINATION-LEVEL ATTESTATION

Lani Eko conducted its examination in accordance with attestation standards established by the American Institute of Certified Public Accountants as well as those additional standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The examination-level procedures included gaining an understanding of the SCEO's policies and procedures and reviewing applicable EECBG Program documentation. The procedures also included an analysis of activity progress, reimbursement drawdown requests, and compliance with required reporting. Finally, an analysis of associated expenditure data was conducted to test the allowability of payments.

The OIG monitored the progress of the examination and reviewed the report and related documentation. Our review disclosed no instances in which Lani Eko, did not comply in all material respects, with the attestation requirements. Lani Eko is responsible for the attached report dated February 9, 2012, and the conclusions expressed in the report.

Attachment

cc: Deputy Secretary
Acting Under Secretary for Energy
Chief of Staff

**EXAMINATION REPORT OF
SOUTH CAROLINA ENERGY
OFFICE**

**ENERGY EFFICIENCY AND
CONSERVATION BLOCK
GRANT PROGRAM RECOVERY
ACT FUNDS**

Lani Eko & Company, CPAs, PLLC

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Independent Accountant's Report

To the Inspector General,
U.S. Department of Energy:

We have examined the American Recovery and Reinvestment Act of 2009 Energy Efficiency and Conservation Block Grant Program (EECBG Program) funds awarded by the U.S. Department of Energy to the South Carolina Energy Office (SCEO) for the period September 30, 2009 through December 31, 2011. SCEO is responsible for operating the EECBG Program in compliance with applicable Federal and State laws, regulations, and program guidelines. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the U.S. Government Accountability Office; and, accordingly, included examining, on a test basis, evidence supporting management's compliance with relevant Federal and State laws, regulations, and EECBG Program guidelines, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Because of inherent limitations in any internal control structure or financial management system, noncompliance due to error or fraud may occur and not be detected. Also, projections of any evaluation of compliance to future periods are subject to the risk that the internal control structure or financial management system may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

In our opinion, SCEO complied in all material respects, with the aforementioned requirements and guidelines relative to EECBG Program funds awarded to SCEO for the period September 30, 2009 through December 31, 2011.

Lani Eko & Company, CPAs, PLLC

February 9, 2012
Alexandria, Virginia

**SECTION I. Description of South Carolina Energy Office
Energy Efficiency and Conservation Block Grant Program**

The American Recovery and Reinvestment Act of 2009 (Recovery Act) appropriated funding to the Department of Energy (Department) to award formula-based grants to states, U.S. territories, units of local government, and Indian tribes under the Energy Efficiency and Conservation Block Grant (EECBG) Program. The EECBG Program was intended to develop, promote, implement, and manage energy efficiency and conservation projects.

The Department awarded \$9,593,500 to the State of South Carolina Energy Office (SCEO), which is part of the State Budget and Control Board, for the State EECBG Program. SCEO redistributed the funds to five areas: \$5,942,726 for Local Government Energy Efficiency and Conservation, \$380,514 for Energy Efficiency and Conservation for Residential and Institutional Buildings, \$560,000 for Multi-tenant Metering Energy Efficiency Assessment, \$50,500 for Biodiesel and Ethanol Fuel Quality Assistance, and \$1,740,128 for Energy Technical Assistance. The balance of the award, \$919,632, was allocated for the administration of remaining energy efficiency conservation activities. In accordance with the terms of its award, SCEO is responsible for the selection, approval, and monitoring of EECBG projects receiving Recovery Act funds. These activities include determining the ability of selected projects to produce sustainable programs that result in energy and emission reductions. For the period from September 30, 2009 through December 31, 2011, SCEO reported that it had distributed \$6,190,779.62 to sub-recipients that included local governments, engineers, vendors, and contractors.

SECTION II. Summary of Findings

There were no findings as a result of this examination; therefore, a formal management response was not required. SCEO officials elected to waive the exit conference.

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