



Department of Energy
Washington, DC 20585

SEP PROGRAM NOTICE 10-006B
EFFECTIVE DATE: June 23, 2011

SUBJECT: DOE RECOVERY ACT REPORTING REQUIREMENTS FOR THE STATE ENERGY PROGRAM (SEP)

REFERENCES

- (1) OMB Memorandum M-09-21 *Implementing Guidance for the Reports on the Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*, June 22, 2009 (Reference 1)
- (2) OMB Memorandum M-10-08 *Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates*, December 18, 2009 (Reference 2)

PURPOSE

Provides guidance to State Energy Program (SEP) recipients on the requirements of reporting under the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act; Pub. L. No. 111-5). This guidance supersedes **SEP Program Notice 10-006A**, and removes monthly and reduces quarterly reporting requirements for SEP recipients.

SCOPE

The provisions of this guidance apply to prime recipients (i.e., States, the District of Columbia, and Territories) named in a Notification of Grant Award as the recipients of financial assistance under SEP.

Note: This guidance applies solely to those performance metrics associated with Recovery Act-supported SEP activities as reported to DOE via the Performance and Accountability for Grants in Energy (PAGE) system. This guidance is supplemental to the guidance issued by the Office of Management and Budget (OMB) in References 1 and 2. This guidance does not satisfy or replace the requirement to report to OMB in accordance with Section 1512 of the Recovery Act to FederalReporting.gov.

This guidance does not address the annual reporting requirement necessary for verification of compliance with Historic Preservation requirements nor does it address the closeout reporting requirement. Guidance from DOE on these topics is issued separately.

The quarterly reporting requirements outlined by this guidance are authorized under a 36-month approval by OMB of an Information Collection Request (ICR) which expires on September 30, 2013.

LEGAL AUTHORITY

SEP is authorized under the Energy Policy and Conservation Act, as amended (42 U.S.C. 6321 et seq.). All grant awards made under this program must comply with all applicable authorities, including the implementing regulations at 10 CFR part 420.

DEFINITIONS

Cost sharing or matching means the value of the third-party, in-kind contributions (i.e., goods or services) and the portion of the costs of a federally assisted project or program not borne by the Federal Government. DOE does not require cost sharing as a precondition of awarding SEP Recovery Act formula funds. Any cost sharing volunteered by the recipient is indicated in Block 12 “Total Amount: Cost Share” of the assistance agreement with DOE and is, therefore, required to be provided and reported by the recipient as a term of the grant award.

Leveraged funds means an estimate of the third-party, in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the Federal Government, **but does not** include any cost sharing required as a term of the grant award as defined above. While this value is an estimate, these funds should be:

- Demonstrably applied to the Recovery Act project, not assumed or projected; and
- Additional to Recovery Act funds (i.e., they would not have been applied to the project in the absence of Recovery Act funds).

Obligations mean the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the prime recipient during the same or a future period. SEP Program Notice 10-008C details when funds used for financing programs are considered to be obligated. Funds to be expended by a department internal to the prime recipient (i.e., not expended to reimburse a vendor nor award a sub-recipient) and not used for a financing program are considered obligated when they have been committed to the internal department that will expend the funds.

Outlays (expenditures) mean charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred and the amount of cash advances and payments made to contractors and sub-recipients. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred and the net increase (or decrease) in the amounts owed by the prime recipient for goods and other property received, for services performed by employees, contractors, sub-

recipients, sub-contractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

Outlays should only capture the expenditure of federal funds and should not include cost sharing or leveraged funds.

Program income means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award (see exclusions in 10 CFR 600.124 (e) and (h)). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. As noted in SEP Program Notice 10-008C, interest earned on SEP funds used for financial programs (e.g., interest earned by a revolving loan fund or loan loss reserve) shall be either expended on other eligible activities or returned to the Federal Government.

Project cost means the sum of Federal (i.e., SEP funds), cost sharing, and estimated leveraged funds dedicated to completion of a Recovery Act project. Other Federal funds (i.e., not SEP) applied to the project should not be counted under project cost.

Prime recipients are non-Federal entities that receive Recovery Act funding as Federal awards in the form of grants, loans, or cooperative agreements directly from the Federal government. Federal agencies are not considered prime or sub-recipients.

Sub-recipient means a non-Federal entity that expends Federal awards received from another entity to carry out a Federal program but does not include an individual who is a beneficiary of such a program. Specifically, sub-recipients are non-Federal entities that are awarded Recovery Act funding through a legal instrument from the prime recipient to support the performance of any portion of the substantive project or program for which the prime recipient received the Recovery Act funding. Additionally, the terms and conditions of the Federal award are carried forward to the sub-recipient.

Unliquidated obligations for reports prepared on a cash basis mean the amount of obligations incurred by the prime recipient that has not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the prime recipient for which an outlay has not been recorded.

Vendor means a dealer, distributor, merchant, or other seller providing goods or services that are required to conduct a Federal program. Prime recipients or sub-recipients may purchase goods or services needed to carry out the project or program from vendors. Vendors are not awarded funds by the same means as sub-recipients and are not subject to the terms and conditions of the Federal financial assistance award, except as required by the prime recipient or sub-recipient.

The characteristics of a vendor that make it distinct from a sub-recipient are summarized below. A vendor:

1. Provides the goods and services within normal business operations;
2. Provides similar goods or services to many different purchasers;
3. Operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the Federal program; and
5. Is not subject to compliance requirements of the Federal program.

BACKGROUND

The SEP funds provided through the Recovery Act represent an unprecedented Federal investment in energy efficiency and renewable energy activities designed and implemented by the States, the District of Columbia, and Territories. Concomitant with this investment, the President has pledged that transparency and accountability will be of paramount importance throughout the grant process. DOE will effectively monitor and report the return on investment of SEP funds. Pursuant to these objectives, new reporting requirements are in place for all Federal Recovery Act programs.

For all SEP recipients, these requirements are fulfilled through reporting via two distinct processes:

1. Quarterly reporting of data to OMB via FederalReporting.gov; and
2. Quarterly reporting of data to DOE via PAGE.

GUIDANCE

The following sections detail how SEP recipients will:

1. Report Section 1512 data to OMB quarterly via FederalReporting.gov;
2. Report required data to DOE quarterly via PAGE; and
3. Summarize the timing and process relationship between OMB and DOE reporting requirements.

QUARTERLY REPORTING TO OMB VIA FEDERALREPORTING.GOV

The Office of Management and Budget (OMB) requires the quarterly reporting of grant information in accordance with Section 1512 of the Recovery Act as outlined in References 1 and 2. The nominal reporting timeline (in days after the close of the reporting quarter), while always subject to change, is as follows:

- 10th: Prime recipients (and sub-recipients with delegated reporting responsibility) are required to submit their initial reports to FederalReporting.gov

- 11th-21st: Prime recipients can correct significant reporting errors or omissions
- 22nd-29th: Prime recipients are locked out from their reports and can only make corrections if their agency reviewer comments on the report
- 33rd-75th: Prime recipients can correct submitted reports during the continuous quality assurance (QA) period.

The DOE Recovery Act clearinghouse coordinates Section 1512 reporting for all DOE Recovery Act projects. Further information on the content and process of Section 1512 reporting is available here:

http://www.energy.gov/recovery/ARRA_Reporting_Requirements.htm

Note: Submitting information to DOE does NOT fulfill the OMB Section 1512 reporting requirement. DOE cannot forward the information to OMB for the recipient.

QUARTERLY REPORTING TO DOE VIA PAGE

Who is Required to Report

Prime recipients are responsible for reporting on a quarterly basis. Prime recipients may, at their discretion, delegate the authority for reporting to sub-recipients through creation of user accounts in PAGE. However, regardless of how recipients decide to manage their reporting processes, prime recipients ultimately retain the responsibility to ensure that reports are submitted accurately and on time.

All prime recipients are required to report quarterly, even if no funds were expended or no progress was made during the reporting period.

Reporting Tool

PAGE (www.page.energy.gov) is the online system that provides all SEP recipients with the ability to electronically submit and manage grant performance and financial information. A host of training tools to familiarize users with PAGE are readily accessible from within the site, including help screens, FAQs, and a number of training videos. These are available to guide recipients through each of the necessary reporting steps.

Reporting Timeline

All quarterly reports are required to be submitted to DOE via PAGE no later than the 30th day of the month following the end of the reporting period.

Required Reports

DOE requires the submission of two major reports from prime recipients:

1. Federal Financial Report (SF-425): submitted quarterly at the level of the prime recipient; and
2. Performance Report: submitted quarterly at the level of the market title.

The Federal Financial Report (SF-425)

The SF-425 reports the aggregate (i.e., at the level of the prime recipient, not the market title) status of financial activity on a quarterly basis. This report is accessed through the “Quarterly Financial Reporting” link in PAGE.

In several instances, the information requested by the SF-425 either matches or corresponds to financial information provided for OMB Section 1512 reporting or DOE performance reporting. Each of the fields below corresponds to a line on the SF-425.

Federal Cash:

a. Cash Receipts: Automatically determined in PAGE from Federal funds drawn down from the Department of Treasury’s Automated Standard Application for Payments (ASAP) during the reporting period (e.g., January 1 – March 31, 2011).

b. Cash Disbursements: Enter the amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to sub-recipients and contractors.

c. Cash on Hand: Automatically calculated in PAGE by subtracting Cash Disbursements (Line b) from Cash Receipts (Line a).

Note: Cash on Hand should never be less than zero. For Line b, “Cash Disbursements,” please only report cash disbursements that have been drawn down from ASAP. Please do not report on Line b cash you have disbursed to pay for grant expenses that you have not yet drawn down.

Federal Expenditures and Unobligated Balance:

d. Total Federal Funds Authorized: Automatically determined in PAGE from SEP grant award and subsequent amendments.

e. Federal Share of Expenditures: Enter the amount of Federal fund expenditures. For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; and the amount of cash advance payments and payments made to sub-recipients. For reports prepared on an accrual basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; and the net increase or decrease in the amounts owed by the recipient for:

1. goods and other property received;
2. services performed by employees, contractors, sub-recipients, and other payees; and
3. programs for which no current services or performance are required.

Do not include program income expended in accordance with the deduction alternative, rebates, refunds, or other credits. Program income expended in accordance with the deduction alternative should be reported separately on Line o.

f. Federal Share of Unliquidated Obligations: Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an expenditure has not yet been recorded. Enter the Federal portion of unliquidated obligations. Those obligations include direct and indirect expenses incurred but not yet paid or charged to the award, including amounts due to sub-recipients and contractors. On the final report, this line should be zero.

Note: Do not include any amount in Line f that has been reported in Line e.

Note: Do not include any amount in Line f for a future commitment of funds (such as a long-term contract) for which an obligation or expense has not been incurred. If an obligation has been incurred (e.g., contract executed, order placed), it should be included in Line f regardless of the term of the contract.

g. Total Federal Share: Automatically calculated in PAGE by summing Federal Share of Expenditures (Line e) and Federal Share of Unliquidated Obligations (Line f).

h. Unobligated Balance of Federal Funds: Automatically calculated in PAGE by subtracting Total Federal Share (Line g) from Total Federal Funds Authorized (Line d).

Recipient Share:

Note: DOE does not require cost sharing as precondition of awarding SEP ARRA funds. However, if SEP prime recipients elected to provide voluntary cost sharing, they are required to provide that cost sharing as part of the terms of the grant agreement and report the expenditure of cost sharing in the Recipient Share of Expenditures (Line j) field noted below. The total required recipient share is identified in Block 12, "Total Amount: Cost Share," of the assistance agreement with DOE. If an SEP prime recipient believes that cost sharing was included in its assistance agreement in error, the recipient should contact their contract specialist for resolution. A majority of SEP prime recipients are not required to provide cost sharing (i.e., Block 12 of the assistance agreement reads "Cost Share: \$0.00") and will not report any information under the Recipient Share section of the SF-425.

i. Total Recipient Share Required: The amount of cost share is identified in Block 12, "Total Amount: Cost Share," of the assistance agreement and should be reflected in the "Cumulative" field. If the value in the "Cumulative" field is different from that amount in Block 12 of the assistance agreement, the recipient should enter the difference into the "This Period" field in order to make the "Cumulative" field reflect Block 12. This amount should not include cost sharing

and match amounts in excess of the amount required by the Federal agency (e.g., cost overruns for which the recipient incurs additional expenses and, therefore, contributes a greater level of cost). For the purposes of SEP reporting, any cost sharing or match amounts in excess of the amount required are classified as “leveraged funds” and should be considered when reporting percentage of leveraged funds in the Performance Report.

Note: Leveraged funds are defined in Section 4.0 of this guidance.

j. Recipient Share of Expenditures: Enter the recipient share of outlays including payments to sub-recipients and contractors. This amount may include the value of allowable third-party, in-kind contributions and recipient share of program income used to finance the non-Federal share of the project or program.

Note: On the final report, this line should be equal to or greater than the amount of Line i. Any amount reported in excess of that required in Line i meets the definition of “leveraged funds” and should be considered when reporting percentage of leveraged funds in the Performance Report.

k. Remaining Recipient Share to be Provided: Automatically calculated in PAGE by subtracting Recipient Share of Expenditures (Line j) from Total Recipient Share Required (Line i).

Program Income:

l. Total Federal Program Income Earned: Enter the amount of Federal program income earned. Do not report any program income here that is allocated as part of the recipient's cost sharing amount included in Line j.

Note: Program income is defined in Section 4.0 of this guidance.

m. Program Income Expended in Accordance With the Deduction Alternative: This field should generally not be used by SEP recipients. Any program income earned by SEP recipients should be expended in accordance with the addition alternative and put towards the completion of eligible activities.

n. Program Income Expended in Accordance With the Addition Alternative: Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.

o. Unexpended Program Income: Automatically calculated in PAGE by subtracting either Program Income Expended in Accordance With the Deduction Alternative (Line m) or Program Income Expended in Accordance With the Addition Alternative (Line n) from Total Federal Program Income Earned (Line l).

Indirect expenses:

Not included unless indirect costs have been approved by DOE and included in the grant award Budget Information, SF-424A form.

Performance Report

The Performance Report (i.e., the Progress Report noted in the recipient's Federal Assistance Reporting Checklist) requires the following information to be reported at the level of the market title on a quarterly basis. This report is accessed through the "Quarterly Performance Reporting" link in PAGE.

a. Market Title Status

This section is required to help DOE understand the progress made on each market title by providing general information about the status of the market title. Required items include:

1. Status: Indication, quarterly, whether the market title is active or complete; and
2. % of Work Complete: The recipient's determination of how complete the market title is relative to the amount of work required to meet ARRA deadlines.

b. Market Title Milestones

Market title milestones are optional but highly encouraged to offer more detailed insights into the progress made on a specific market title. A milestone should include a detailed description of a project and include specific steps in the market title progress. Examples of milestones in a building retrofit project are "RFP advertised," "contractor selected," "equipment purchased," "equipment installed and verified," "invoice received for equipment purchase," "substantial completion certified", or "final payment draw down."

c. Financial Metrics

In addition to the information reported on the SF-425, DOE requires the reporting of outlays (i.e., funds expended), obligations (i.e., commitment of funds incurred), and percentage of leveraged funds.

1. Outlays: Reported quarterly at the level of the market title (i.e., those outlays occurring during the reporting period by market title).

Note: Where a prime recipient implementing a "Loans and Grants" activity has sub-granted funds to another entity for the issuance of loans, the value of loans issued in any reporting quarter is to be reported as outlays for that quarter. Refer to SEP Program Notice 10-008C for further clarification.

2. Obligations: Reported at the market title level by period of performance (i.e., those obligations incurred during the quarter) on a quarterly basis. In order to ensure the QPR provides an accurate reflection of cumulative obligations, all recipients were required to report on obligations cumulative

through December 31, 2009 in the Q1 quarterly report due April 30, 2010. This metric should have reflected the sum of all obligations of SEP funds incurred in support of the relevant activity through December 31, 2009, regardless of whether or not those obligations were subsequently liquidated. If this metric (Obligations cumulative through 12/31) was either not reported or reported incorrectly, recipients should work with their Project Officer to amend the Q1 2010 report.

3. Percentage of Leveraged Funds: Reported at the market title level only in the same quarter the recipient reports the market title as “Completed”. This metric is to be expressed as a percentage:

d. Process Metrics

Process metrics are individual sets of programmatic outcomes that allow DOE to monitor progress on the scope of work and calculate the impacts of recipients’ projects in each market title. Recipients are required to report process metrics by market title on a quarterly basis. The full list of possible process metrics is listed in Attachment 1.

How to choose process metrics: Recipients are encouraged to choose as many process metrics as necessary to fully describe the scope of a market title. Recipients must choose at least one process metric per market title. In some cases, two or more process metrics may be necessary to fully describe a market title.

Recipients are required to report on a subset of process metric areas determined to be critical to SEP by DOE whenever they are applicable within a market title. This subset is as follows:

- Building Codes and Standards
- Building Retrofits
- Financial Incentives and Rebates
- Loans and Grants
- Renewable Energy Market Development
- Transportation

Example 1: A market title allocating \$500,000 to a loan program that funds residential home energy efficiency retrofits and \$20,000 to educational sessions for potential residential customers requires two process metric areas to be reported quarterly, “Loans and Grants” and “Building Retrofits.” To ensure the complete reporting of all programmatic actions, the “Workshops, Training, and Education” process metric area is encouraged to be reported as well.

Example 2: A market title funding both municipal building retrofits and installing solar PV systems requires two process metric areas to be reported quarterly, “Building Retrofits” and “Renewable Energy Market Development.” Both process metric areas are required because each programmatic action (retrofitting buildings and installing solar PV systems) fall within process metric areas determined to be critical by DOE.

Example 3: A market title funding only the installation of LED traffic signals would only report the “Transportation” metric area.

Note: The relationship between process metric areas and process metrics is outlined in Attachment 1.

What to report: Recipients are required to report on the progress completed in all selected process metrics during the reporting quarter. If no progress was made in any individual quarter, a recipient must enter zero.

Note: Where a prime recipient is implementing a loan activity (e.g., revolving loan fund) classified under the “Loans and Grants” process metric area and has subcontracted with a third-party to administer the loans, one process metric must reflect the number and monetary value of the loans issued by the third-party to beneficiaries of the loans and not the amount of the subcontract between the prime recipient and the third-party.

For example, a prime recipient has subcontracted with a third-party to administer a \$3 million revolving loan fund. The entire revolving loan fund is capitalized in Q2 2010. The third-party issues 20 loans for the amount of \$2 million in Q3 2010. The prime recipient should report both the 20 loans issued and the \$2 million monetary value of the loans issued as process metrics on the Q3 2010 reporting.

Additionally, certain process metric areas require reporting of process metrics by sector. These sectors include:

- All sectors
- Agricultural
- Commercial
- Industrial
- Institutional (e.g., hospital, educational, correctional)
- Public
- Residential
- Transportation
- Other

For example, if a market title is funding 25 building retrofits at both industrial facilities and municipal buildings, the “Buildings Retrofitted” process metric would need to be included twice, once for the industrial sector retrofits and again for the public sector retrofits. Further, if 10 industrial buildings and 3 municipal buildings are completed in Q3 2010, each sector would be reported independently so that the number (10) and square footage of the industrial sector buildings is distinct from the number (3) and square footage of the public sector buildings.

When to report: To avoid “double counting,” the process metrics associated with any portion of project completion should be reported once for the reporting quarter in which that discrete portion was completed and once only. What constitutes a “discrete portion” of the project is left to the discretion of the recipient, but DOE prefers process metrics resulting from a portion of project completion be reported as soon after completion as possible.

For example, a recipient implementing a market title to retrofit 20 buildings should choose the process metric area “Building Retrofits.” If the 20 buildings are completed in sets of five buildings (i.e., “discrete portions”) over the course of four quarters, DOE prefers that the recipient report the process metrics (i.e., number and square feet of building retrofitted) associated with the buildings completed in each of the four respective quarterly reports.

e. Qualitative descriptions

This section includes a set of narrative fields meant to accomplish three tasks:

1. Identify the market title as infrastructure investment and explain the purpose and rationale behind the selection of this infrastructure project.

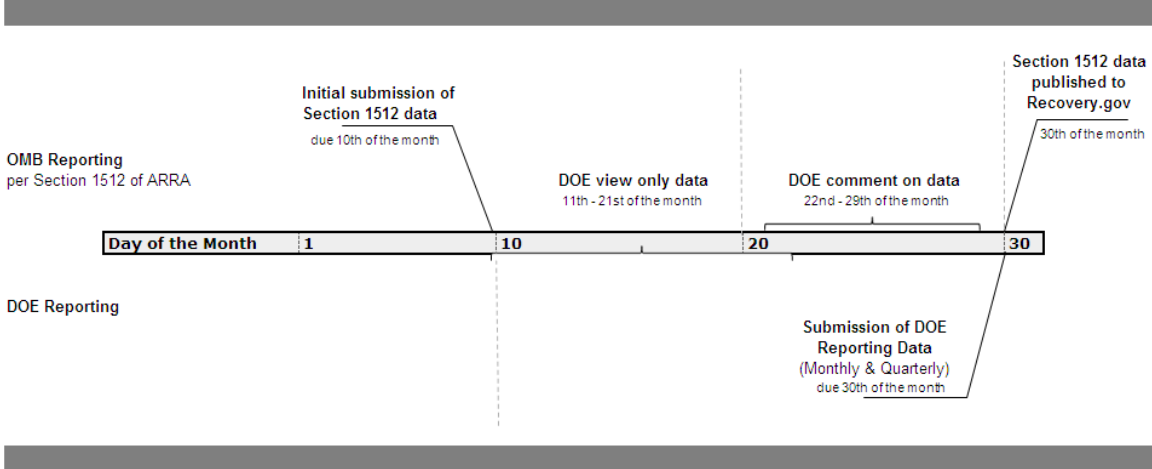
Note: There is no standard Federal or DOE definition of infrastructure. Recipients should use their own discretion in determining if an individual market title qualifies as infrastructure investment.

2. Provide qualitative information, as described in a grantee’s Federal Assistance Reporting Checklist (DOE Form 4600.2), to DOE. Which of these narrative fields are necessary and with what frequency they need to be filled out are left to the discretion of the Project Officer.

3. Provide qualitative information to DOE on actions taken to comply with Section 410 of the Recovery Act.

TIMELINE AND PROCESS FOR REPORTING TO OMB AND DOE

The respective OMB and DOE reporting timelines are illustrated below:



The nominal OMB reporting timeline is shown. The actual OMB reporting timeline is subject to change and will vary quarter to quarter

The OMB Section 1512 reporting requires the report of two fields, “Total Federal Amount of ARRA Expenditure” and “Total Federal Amount ARRA Funds Received/Invoiced,” that match financial information provided to DOE for financial reporting or performance reporting. Recipients should minimize any discrepancy between the reports of these metrics made to DOE and OMB. It is understood that as time passes from the close of the reporting period, recipients are able to obtain an increasingly accurate picture of grant performance during the reporting period.

If information regarding either of these fields is updated after the 21st of the month, the recipient should contact their Project Officer to coordinate correction of the report submitted to FederalReporting.gov and ensure consistency with the information to be submitted to DOE. In cases where prime recipients have delegated the ability to report via FederalReporting.gov to a different authority (e.g., State Recovery Act office) and receive updated information on these two fields, they should coordinate with the other authority to make the necessary changes to the report in FederalReporting.gov.

In any situation, recipients should prioritize the accuracy of data submitted to DOE over the consistency of data submitted to various sources.

CONCLUSION

Recovery Act funding supports State Energy Office initiatives as part of an unprecedented opportunity to deploy energy efficiency and renewable energy projects across the country. On a quarterly basis, it is required that SEP recipients report financial information and process metrics. This is an important component to demonstrating the impact and success of the SEP program.



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Attachment 1: EECBG & SEP – Process Metrics List