



OFFICE OF INSPECTOR GENERAL

U.S. Department of Energy

INSPECTION REPORT

DOE-OIG-25-19

May 2025

**GRID DEPLOYMENT OFFICE'S
IMPLEMENTATION OF THE GRID
RESILIENCE AND INNOVATION
PARTNERSHIPS PROGRAM**



Department of Energy
Washington, DC 20585

May 14, 2025

MEMORANDUM FOR THE DIRECTOR, GRID DEPLOYMENT OFFICE

SUBJECT: Inspection Report: *Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program*

The attached report discusses our inspection of the implementation of the Grid Resilience and Innovation Partnerships Program. This report identifies that the Department's Grid Deployment Office did not adequately develop and document its internal controls system, including oversight and risk assessment processes. This report contains two recommendations that, if fully executed, should help the Grid Deployment Office improve its internal controls and its implementation of the \$10.5 billion Grid Resilience and Innovation Partnerships Program.

We conducted this inspection from March 2024 through October 2024 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* (December 2020). We appreciated the cooperation and assistance received during this inspection.

A handwritten signature in blue ink that reads "Sarah Nelson".

Sarah Nelson
Assistant Inspector General
for Management
Performing the Duties of the Inspector General
Office of Inspector General

cc: Chief of Staff

DOE-OIG-25-19



Department of Energy Office of Inspector General

Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program (DOE-OIG-25-19)

WHY THE OIG PERFORMED THIS INSPECTION

The Department of Energy's Grid Deployment Office (GDO) is responsible for administering \$10.5 billion in Infrastructure Investment and Jobs Act funds through the Grid Resilience and Innovation Partnerships (GRIP) Program. GRIP's three focus areas include: (1) grants to mitigate storm and natural disaster damage to the grid; (2) grants to increase transmission capacity and to integrate renewable energy sources and other grid-edge devices; and (3) cooperative agreements to support projects enhancing grid resiliency and reliability.

We initiated this inspection to determine whether GDO had adequate internal controls and resources to implement the GRIP Program.

What Did the OIG Find?

We found that GDO did not have adequate internal controls and may not have adequate staff resources to implement the GRIP Program. Specifically, GDO did not develop and document an effective internal controls system, including the control environment and risk assessment, as required. Further, GDO may not have sufficient staff to oversee the Federal activities that support the GRIP Program.

The issues we identified occurred in part because GDO: (1) followed a phased implementation approach for internal controls; and (2) did not distinguish between program-level and project-specific responsibilities.

What Is the Impact?

Without a robust internal controls system, GDO may not identify risks that could negatively impact the GRIP program's outcomes. These impacts could include improperly reimbursed costs, fraud, waste, and undisclosed conflicts of interest. Additionally, GDO may have difficulty identifying and addressing program performance issues—including the performance of organizations, such as the National Energy Technology Laboratory, which GDO depends upon for ensuring GRIP Program success.

What Is the Path Forward?

To address the issues identified in this report, we made two recommendations that, if fully executed, should help ensure that GDO's internal controls and resources are adequate for implementing the GRIP Program.

BACKGROUND

The Department of Energy's Grid Deployment Office (GDO) was established in August 2022 to drive investments in modernizing and expanding the capacity of the Nation's power grid and deploy cheaper, cleaner energy across America. GDO administers \$10.5 billion in funding from the Infrastructure Investment and Jobs Act through the Grid Resilience and Innovation Partnerships (GRIP) Program. GRIP's three focus areas include: (1) Grid Resilience Utility and Industry Grants to mitigate the damage caused by extreme weather and natural disasters; (2) Smart Grid Grants to increase transmission system capacity, prevent faults, integrate renewable energy sources, and facilitate the integration of electric vehicles, buildings, and other grid-edge devices; and (3) the Grid Innovation Program, which utilizes cooperative agreements to support projects enhancing grid resiliency and reliability. GDO maintains overall responsibility for the GRIP Program and manages the financial assistance award selection process. GDO engaged other organizations to assist with GRIP-related work. For example, GDO entered into a Memorandum of Agreement with the National Energy Technology Laboratory (NETL) to assist with day-to-day management and oversight of financial award recipients and associated projects.¹ As of September 2024, GDO was in pre-award negotiations with applicants on 44 projects and had executed 13 awards spanning the 3 GRIP focus areas.

GDO is required to develop and document an effective internal controls system. *The Department of Energy FY 2024 Enterprise Risk Management Guidance* (ERM Guide) requires that Department elements develop and document an effective internal controls system that is based on the Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book). The ERM Guide states that internal controls include more than financial controls. Significant operational controls involve processes, procedures, and guidelines put in place to optimize operations, manage risks, enhance productivity, and achieve organizational goals. These operational controls are vital for the function and success of the organization beyond financial considerations. Additionally, the Green Book defines internal control as a process effected [*sic*] by an entity's oversight that establishes reasonable assurance it will achieve its objectives. The Green Book contains the standards for establishing an effective internal controls system, which include five high-level components and their supporting principles. The first two components are the control environment² and risk assessment.

We initiated this inspection to determine whether GDO had adequate internal controls and resources to implement the GRIP Program.

¹ The Memorandum of Agreement states that NETL's work for GDO includes items such as planning, reviewing, awards administration throughout the lifecycle of the award through closeout, recipient audit and response, data, and records systems maintenance management, and any other activities required to ensure legal and programmatic sufficiency and compliance.

² The control environment is the foundation for an internal control system and provides the discipline and structure, which affect its overall quality of internal control. It influences how objectives are defined and how control activities are structured. One key principle that supports the control environment is the exercise of oversight responsibility.

INADEQUATE INTERNAL CONTROLS AND RESOURCES

We determined that GDO did not have adequate internal controls and may not have adequate staff resources to implement the GRIP Program. Specifically, GDO did not develop and document an effective internal controls system, including the control environment, and risk assessment, as required. Further, GDO may not have sufficient staff to oversee the Federal activities that support the GRIP Program.

GDO did not develop and document an effective internal controls system. For example, GDO officials stated that they leverage the ERM Guide's process to implement GDO's internal controls system, but furnished no evidence GDO developed its own internal controls system that incorporated Green Book components or principles. A Department official, whose division administers the ERM Guide and its reporting requirements, stated that the ERM Guide does not prescribe how organizations create controls and that organizations are responsible for developing and documenting their own processes. The official also stated that the ERM Guide provides organizations with a template for how the Department's Office of Chief Financial Officer (OCFO) requires internal controls reporting information to be packaged and delivered.

Inadequate Control Environment

GDO did not adequately develop the control environment component of an effective internal controls system. For example, GDO did not develop policies or plans for its oversight of the Federal GRIP-related activities that other organizations perform on its behalf or its own GRIP-related processes and operations. Oversight is a key principle that supports the effective design, implementation, and operation of the control environment. Further, GDO had no policies, plans, or process to:

- Conduct oversight of the Federal GRIP-related activities that other organizations perform on its behalf;
- Independently verify that NETL's invoice review and approval procedures were adequately and effectively implemented to prevent improper payments;
- Independently verify NETL's processes were sufficient to ensure that award recipients adequately and effectively implemented Department-required internal controls; and
- Independently verify that the NETL personnel managing GDO financial assistance awards had Department-required grants and contract management training and certification levels.

Finally, GDO had no policies or plans for oversight of its own GRIP-related processes or operations. For example, GDO had no plans to assess whether its merit reviews met requirements. The merit review's primary purpose is to provide an independent assessment of the technical and scientific merit of an eligible and responsive application for financial assistance. Important merit review elements include reviewers' independence and expertise and their freedom from specific conflicts of interest. According to GDO officials, the written evaluation

and selection plans GDO utilizes to conduct these reviews comport with the *Department's Merit Review Guide*. However, GDO did not plan to independently assess whether its completed evaluation and selection plans met requirements. Additionally, GDO officials articulated plans to conduct periodic project performance evaluations they referred to as go/no-go decisions. Yet, GDO did not document how these evaluations would be conducted, how this process was implemented, or how it would be assessed.

Insufficient oversight has resulted in questionable costs in the past. For example, in January 2013, the Office of Inspector General (OIG) issued Audit Report, *The Department of Energy's \$700 Million Smart Grid Demonstration Program Funded Through the American Recovery and Reinvestment Act of 2009* (OAS-RA-13-08), which questioned \$12.3 million in approved reimbursement costs. The OIG concluded that the program had established procedures for financial oversight of projects, but the financial oversight was insufficient to ensure the accuracy and integrity of amounts paid.³ Further, in 2012, the OIG issued Audit Report, *The Department's Management of the Smart Grid Investment Grant (SGIG) Program* (OAS-RA-12-04), which identified more than \$2 million in funds that were inappropriately used or improperly reimbursed. The OIG determined that the Department did not ensure its personnel effectively monitored the SGIG Program nor that its personnel had adequate grants management training.⁴ Moreover, certain SGIG Program goals and objectives were at significant risk without improvements to the Department's monitoring and oversight.

Inadequate Risk Assessment

GDO did not adequately develop the risk assessment component of an effective internal controls system. Specifically, GDO did not implement Green Book risk assessment principles, including specific, measurable objectives, risk tolerance, risk identification, risk analysis, or risk management. GDO did not have specific, measurable GRIP performance objectives—the first step in the risk assessment process. Instead, GDO furnished unspecific GRIP performance metrics, such as undetermined gigawatts of renewable energy enabled; microgrids deployed; and miles of transmission and distribution lines constructed, upgraded, or hardened. GDO also did not define GRIP Program risk tolerance, which is the amount of variance an organization is willing to accept in a process or outcome and still have confidence its objectives will be achieved. GDO might not be able to properly identify, analyze, and manage risks without implementing these principles. The Green Book identifies risk assessment and its associated principles as fundamental to an effective internal controls system. The ERM Guide requires that Department organizations conduct proper risk assessments and defines risk assessment as a systematic process of evaluating the potential risks that may impact an organization's ability to achieve its objectives.

Additionally, GDO did not develop processes to identify, analyze, or manage GRIP Program risks—including fraud risk. According to a GDO official, a GRIP programmatic risk assessment had not been conducted. Another GDO official stated that GDO evaluated GRIP Program-level

³ The Department's Office of Electricity Delivery and Energy Reliability was responsible for the Smart Grid Demonstration Program but engaged NETL to manage awards for that program.

⁴ The Office of Electricity Delivery and Energy Reliability was also responsible for the SGIG Program and engaged NETL to manage some of these awards.

risk in the Fiscal Year 2024 Risk Profile it developed to meet ERM Guide reporting requirements. However, the Risk Profile identified risks to achieving the Department's strategic objectives and did not specifically address GRIP risks. Further, GDO officials stated that NETL was responsible for identifying GRIP Program-level risks. Yet, NETL's processes centered on project-specific risk assessments of individual financial assistance recipients, and its Memorandum of Agreement with GDO did not include responsibility for GRIP Program-level risk assessment processes. Project-specific risks, such as on-time material ordering and delivery, affect the objectives of a single project. Program-level risks impact multiple projects within a program, such as regulatory changes affecting all projects in an infrastructure program. Further, GDO did not assess program-level fraud risks or determine the GRIP Program's fraud risk profile. The Government Accountability Office's *A Framework for Managing Fraud Risks in Federal Programs* cites planning regular program-tailored fraud risk assessments and determining a program fraud risk profile as part of an effective fraud risk management framework.

GDO's inadequate risk assessment processes leave little foundation for managing GRIP Program risks. GDO officials stated that GDO relied on state and local utility boards, which regulate most GRIP recipients, to mitigate the risk that certain recipient internal controls, such as procurement processes, were inadequate or ineffective. According to GDO officials, state and local utility boards review and assess recipient internal controls, and GRIP projects need to comply with these boards to receive funding. However:

- GDO had no process to determine if recipients were compliant with utility board requirements nor did it assess what gaps might exist between utility board and Department requirements; and
- GDO did not assess how to address any requirement gaps and how it would determine if risks were adequately managed.

Lastly, GDO had no risk assessment process to determine that self-certification was an appropriate means to manage the risk that recipient-level internal controls were inadequate or ineffective in these areas. GDO requires recipients to self-certify compliance with certain Department requirements, such as its Interim Conflict of Interest Policy and recipient oversight of subcontractors and subaward recipients.

GDO Staffing Resources May Not Be Sufficient

Finally, GDO may not have sufficient staff to oversee the Federal activities that support the GRIP Program. Specifically, GDO's staffing plan has not accounted for the resources needed to perform the required oversight responsibilities previously noted.

CONTRIBUTING FACTORS

GDO officials stated GDO had not fully developed and documented its internal controls system because the OCFO had provided a phased implementation of internal controls. However, we learned that the OCFO only provided GDO phased implementation of the reporting information

that the ERM Guide required—not the development and documentation of GDO’s internal controls system. An OCFO official stated that the OCFO expected all Department organizations to develop and maintain proper internal controls to include organizations who have not previously participated in the formal ERM Guide reporting requirements. While GDO complied with its assigned reporting requirements, it did not develop and document its internal controls system, as required.

Additionally, GDO did not distinguish between program-level and project-specific responsibilities because it did not recognize that there might be a gap between them. According to GDO officials, it relied on NETL’s internal controls and processes. However, NETL’s controls and processes were aligned with its recipient/project-level responsibilities, and GDO did not assess whether these processes were sufficient for GRIP Program-level responsibilities.

GAPS POSE RISKS TO GRIP OBJECTIVES AND TAXPAYER FUNDS

Without a robust internal controls system, including the control environment and risk assessment processes, GDO may not identify risks that could negatively impact the GRIP Program’s outcomes. These impacts could include improperly reimbursed costs, fraud, waste, and undisclosed conflicts of interest. Additionally, GDO may have difficulty identifying and addressing program performance issues, including the performance of organizations such as NETL, which GDO depends upon for ensuring GRIP Program success.

RECOMMENDATIONS

We recommend that the Director, GDO, develop and implement:

1. An effective internal controls system that includes GRIP Program-level controls; and
2. A plan to assess the gaps between GRIP Program-level and project-specific responsibilities to ensure that GRIP-related internal controls and processes are adequate and effective.

MANAGEMENT RESPONSE

GDO Management concurred with our recommendations and plans to develop a GRIP Program Plan that will detail program-level planning and governance structures, and outline project-specific processes carried out by GDO and NETL, respectively. The target completion date is March 31, 2026.

Management disagreed with our characterization of GDO’s control environment and risk assessment. Specifically, it disagreed that GDO had no policies, plans, or process to independently verify that NETL’s procedures and processes were adequate and sufficient; did not develop and document an effective internal controls system; did not adequately develop the risk assessment component of an internal controls system; and its inadequate internal control environment occurred due to its phased implementation approach.

Finally, management found that implementation of the report's recommendations to further document its GRIP program-level oversight would be consistent with GDO efforts to continually mature its already-established internal controls program and processes.

Management's comments are included in Appendix 3.

INSPECTOR COMMENTS

GDO management's proposed actions are generally responsive to our recommendations. However, we are concerned that the time allotted to develop and implement its proposed GRIP Program Plan could expose the Department to additional risk.

Management's disagreement with the characterization of our findings lacks supporting evidence. As demonstrated in the report, GDO did not furnish objective evidence of a documented internal controls system. Further, its comments do not adequately address GDO's GRIP Program-level oversight, nor do they address the potential differences between program and project risk.

Appendix 1: Objective, Scope, and Methodology

OBJECTIVE

We initiated this inspection to determine whether the Grid Deployment Office (GDO) had adequate internal controls and resources to implement the Grid Resilience and Innovation Partnerships Program.

SCOPE

The inspection was performed from March 2024 through October 2024 at GDO in Washington, DC. The scope was limited to the GDO's implementation of the Grid Resilience and Innovation Partnerships Program. The inspection was conducted under Office of Inspector General project number S24RL006.

METHODOLOGY

To accomplish our inspection objective, we:

- Held discussions with Department of Energy personnel with knowledge and experience in the inspection area;
- Reviewed the status of the Grid Resilience and Innovation Partnerships Program;
- Reviewed applicable laws, regulations, policies, and procedures;
- Reviewed prior reports by the Office of Inspector General; and
- Reviewed other Federal Government oversight reports and court filings.

We conducted our inspection in accordance with the Quality Standards for Inspection and Evaluation (December 2020) as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions.

GDO management officials waived an exit conference.

Appendix 2: Prior Reports

- Inspection Report: [*Special Report on Prospective Considerations for Projects Awarded Through Financial Assistance Awards*](#) (DOE-OIG-22-40 August 2022). This special report identified six major risk areas based on prior audits, inspections, and investigations that warrant immediate attention and consideration from Department of Energy leadership to prevent similar problems from recurring. Specifically, this included: (1) recipient fraud; (2) insufficient Federal staffing; (3) inadequate oversight of projects; (4) circumvention of project controls; (5) inadequate internal controls; and (6) lack of recipient-level controls.
- Audit Report: [*The Department of Energy's \\$700 Million Smart Grid Demonstration Program Funded Through the American Recovery and Reinvestment Act of 2009*](#) (OAS-RA-13-08; January 2013). This audit found that the Department had not always managed this Program effectively and efficiently. Our review of 11 projects, awarded \$279 million in American Recovery and Reinvestment Act of 2009 (Recovery Act) funding and \$10 million in non-Recovery Act funding, identified weaknesses in reimbursement requests, cost-share contributions, and coordination efforts with another Department program. These issues resulted in about \$12.3 million in questioned costs. The auditors made five recommendations to help achieve Program and Recovery Act objectives.
- Audit Report: [*The Department's Management of the Smart Grid Investment Grant Program*](#) (OAS-RA-12-04 January 2012). This audit revealed several opportunities to enhance management of the Smart Grid Investment Grant Program. The problems that were discovered could jeopardize achievement of Recovery Act goals. In particular, the audit found that: (1) Department officials approved Smart Grid projects that used federally sourced funds to meet cost-share requirements, which is specifically prohibited; and (2) grantee required cybersecurity plans were not always complete. The issues were caused, in part, to the accelerated planning, development, and deployment approach adopted by the Department for the Smart Grid Investment Grant Program. The auditors made four recommendations to help improve the Department's ability to effectively administer and monitor the Smart Grid Investment Grant Program.

Appendix 3: Management Comments



Department of Energy

Washington, DC 20585

April 4, 2025

MEMORANDUM FOR DEBORAH THOMAS
DEPUTY ASSISTANT INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

FROM: NICK ELLIOT
DIRECTOR
GRID DEPLOYMENT OFFICE

NICHOLAS
ELLIOT

Digitally signed by
NICHOLAS ELLIOT
Date: 2025.04.09
10:48:52 -04'00'

SUBJECT: Grid Deployment Office's Implementation of the Grid Resilience and
Innovation Partnerships Program (S24RL006)

Thank you for the opportunity to review and comment on the subject draft inspection report. The Department of Energy's (DOE) Grid Deployment Office (GDO) appreciates the Office of the Inspector General's (OIG) work. While GDO believes the OIG's recommendations will mature our documentation of Grid Resilience and Innovation Partnerships' (GRIP's) program-level oversight, consistent with the plans we had in place to do so, GDO provides the following comments on the OIG's characterization that GDO, as an organization, has an overarching "inadequate" control environment and risk assessment.

First, the draft report indicated GDO had an inadequate control environment because GDO had "no policies, plans, or process to:

- "Independently verify that National Energy Technology Laboratory's (NETL's) invoice review and approval procedures were adequately and effectively implemented to prevent improper payments.
- Independently verify NETL's processes were sufficient to ensure that award recipients adequately and effectively implemented Department-required internal controls.
- Independently verify that the NETL personnel managing GDO financial assistance awards had Department-required grants and contract management training and certification levels."¹

During GDO's formation in August 2022, GDO recognized the additional expertise, resources, and controls - notably, Head of Contracting Activity granted by the DOE Senior Procurement Executive - that NETL could provide. As such, as previously documented and provided to the OIG, GDO and NETL executed a Memorandum of Agreement in December 2022 to allow GDO to

¹ Draft Inspection Report: *Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program* (DOE-OIG-25-XX), at p.2.

Appendix 3: Management Comments

Management Response: OIG Draft Report - Significant Internal Control Gaps Pose Risks to the Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program (S24RL006)

leverage NETL expertise and internal controls relevant to the financial assistance work GDO needed NETL to execute on its behalf.

GDO provides program oversight to ensure GDO funding executed by NETL is in accordance with GDO direction and objectives. In addition, to assist with its monitoring efforts, GDO plans to leverage existing internal control oversight performed by the Office of the Chief Financial Officer (CF).

DOE Order 520.1B *Financial Management and Chief Financial Officer Responsibilities*, assigns the Departmental Internal Control and Assessment Review Council (DICARC), chaired by the Chief Financial Officer (CFO), as the governance body to provide oversight of DOE's internal control program. This policy also outlines that the CFO is required to prepare, and issue detailed annual guidance for conducting the internal control reviews, and to review the results of internal control evaluations performed to identify potential significant deficiencies or material weaknesses. Per the DOE CF's *Enterprise Risk Management Guidance*, DOE reporting organizations are required to establish and execute an internal control assessment and review process that culminates in the issuance of an annual Assurance Memorandum. The annual Assurance Memorandum documents the results of the reporting organization's internal controls assessments and provides a status of the overall adequacy, effectiveness, and efficiency of the organization's internal controls. NETL, as a U.S. national laboratory owned and operated by DOE, a federal entity, and staffed with DOE federal employees, therefore, is governed and compliant with this process and is considered a reporting organization according to the Department's *Enterprise Risk Management Guidance*.

As part of its oversight and monitoring efforts, GDO relies on NETL's annual Assurance Memorandum to understand if there are any material weaknesses or significant deficiencies in the NETL system of internal control that may impact GDO process or achievement of GDO objectives. Additionally, GDO leverages the expertise and reporting responsibilities of CF to ensure NETL is in compliance with annual internal control responsibilities and requirements.

Further, the draft report indicated GDO had an inadequate control environment because "GDO did not develop and document an effective internal controls system. For example, GDO officials stated that they leverage the *Enterprise Risk Management Guide's* process to implement GDO's internal controls system but furnished no evidence GDO developed its own internal controls system that incorporated Green Book components or principles."²

Since its establishment in August 2022, 18 months prior to the start of this inspection, GDO has prioritized the development and documentation of its internal control system, while establishing and executing initial operations. GDO previously documented and provided the OIG with GDO analysis, documentation, and control assessment results, and suggested that the OIG request "auditor access" to DOE's internal control and risk management application,

² *Id.*

Appendix 3: Management Comments

Management Response: OIG Draft Report - Significant Internal Control Gaps Pose Risks to the Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program (S24RL006)

AMERICA, to review its internal control assessment results and reporting. AMERICA is DOE's official application to store, document, manage, report, and analyze risks, controls, and adherence to the U.S. Government Accountability Office (GAO) Green Book Components and Principles. In addition, GDO provided multiple process flow-charts, and available AMERICA reports that outlined our control system and evaluation, which included the evaluation of 274 enterprise-wide risk elements, and respective key control testing.

In addition, the draft report indicated "GDO did not adequately develop the risk assessment component of an effective internal controls system. Specifically, GDO did not implement Green Book risk assessment principles, including specific, measurable objectives, risk tolerance, risk identification, risk analysis, or risk management."³

However, GDO has executed the four key principles of risk assessments as defined in the GAO Green Book to include, defining objectives, identifying analyzing and responding to risk, considering fraud, and identifying significant impacts to our system of controls. This included specific, measurable objectives, risk tolerance, risk identification, risk analysis, or risk management. And although not specifically identified, GRIP is considered within two of GDO's risks for Financial Assistance & Acquisition Award Process and Project Oversight & Cost Allowability.

Lastly, the draft report indicates that the contributing factor for our inadequate internal control environment "occurred in part because GDO. . . followed a phased implementation approach for internal controls."⁴

GDO used our risk profile, which requires both identification and assessment of risks, including fraud risks, to support this phased approach to implement internal controls, in accordance with CF direction. GDO focused on the most mission critical operational areas that align directly with DOE's strategic objectives first, rather than attempting to design and implement all controls simultaneously. This allowed for a more manageable implementation process, spreading out of resources, and ensuring the most impactful risk areas were addressed initially. A phased maturity approach is considered a best practice and is recognized by the Office of Management and Budget (OMB) Circular A-123 – *Management's Responsibility for Enterprise Risk Management and Internal Control*, and the Chief Financial Officers Council's *Enterprise Risk Management Playbook*.

As such, as previously documented and provided to the OIG, CF began working with GDO in January 2023 to implement the Department's requirements for designing and implementing effective internal controls. GDO has been fully responsive to all requests from CF since that time, and in FY 2024, GDO completed all the Department's required internal control activities as identified in the Department's *Enterprise Risk Management Guidance*.

³ *Id.* at p.3.

⁴ *Id.* at cover page.

Appendix 3: Management Comments

Management Response: OIG Draft Report - Significant Internal Control Gaps Pose Risks to the Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program (S24RL006)

That said, while GDO does not agree with the OIG's characterization of GDO control environment and risk assessment, GDO does find that implementation of the recommendations to further document our GRIP program-level oversight to be consistent with GDO efforts to continually mature our already-established internal controls program and processes. The enclosure to this memorandum details actions planned by GDO related to those recommendations.

If you have any questions regarding this response, please contact Kathy Bittner, Audit Liaison, Grid Deployment Office at GDOAudits@hq.doe.gov.

Enclosure

Appendix 3: Management Comments

Enclosure

Management Response: OIG Draft Report - Significant Internal Control Gaps Pose Risks to the Grid Deployment Office's Implementation of the Grid Resilience and Innovation Partnerships Program (S24RL006)

Recommendation # 1: We recommend that the Director, GDO, develop and implement an effective internal controls system that includes GRIP Program-level controls.

DOE Response: Concur

GDO plans to develop a GRIP Program Plan in collaboration with NETL, aligning with the key guiding principles identified in DOE Policy 410.3, *Program Management*. This Program Plan will detail program-level planning and governance structures, and outline project-specific processes carried out by GDO and NETL respectively. This will facilitate more transparent communication, engagement, and oversight by GDO in leveraging NETL components to assure that program and project specific internal controls are aligned with GDO's already-established office-wide internal control program. Further, it will better enable risk identification and mitigation, quality management, and program monitoring.

Estimated Completion Date: 3/31/2026

Recommendation # 2: We recommend that the Director, GDO, develop and implement a plan to assess the gaps between GRIP Program-level and project-specific responsibilities to ensure that GRIP-related internal controls and processes are adequate and effective.

DOE Response: Concur

GDO plans to develop a GRIP Program Plan in collaboration with NETL, aligning with the key guiding principles identified in DOE Policy 410.3, *Program Management*. This Program Plan will detail program-level planning and governance structures, and outline project-specific processes carried out by GDO and NETL respectively. This will facilitate more transparent communication, engagement, and oversight by GDO in leveraging NETL components to assure that program and project specific internal controls are aligned with GDO's already-established office-wide internal control program. Further, it will better enable risk identification and mitigation, quality management, and program monitoring.

Estimated Completion Date: 3/31/2026

5

FEEDBACK

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We aim to make our reports as responsive as possible and ask you to consider sharing your thoughts with us.

If you have comments, suggestions, and feedback on this report, please reach out to us at OIG.Reports@hq.doe.gov. Include your name, contact information, and the report number.

For all media-related questions, please send inquiries to OIGpublicaffairs@hq.doe.gov and include your name, contact information, and the report number.