





Department of Energy

Washington, DC 20585

October 20, 2009

MEMORANDUM FOR: CATHY ZOI
ASSISTANT SECRETARY
ENERGY EFFICIENCY AND RENEWABLE ENERGY

THROUGH: KATHLEEN B. HOGAN
DEPUTY ASSISTANT SECRETARY
FOR ENERGY EFFICIENCY 
OFFICE OF TECHNOLOGY DEVELOPMENT
ENERGY EFFICIENCY AND RENEWABLE ENERGY

FROM:  CLAIRE BROIDO JOHNSON
ACTING PROGRAM MANAGER
WEATHERIZATION AND
INTERGOVERNMENTAL PROGRAM
ENERGY EFFICIENCY AND RENEWABLE ENERGY

SUBJECT: **ACTION:** Request to the Office of Management and Budget (OMB) to Approve the Change in Reporting Requirements from Quarterly to Monthly for the State Energy Program (SEP) and the Weatherization Assistance Program (WAP)

ISSUE: The Department of Energy's (DOE) Office of Weatherization and Intergovernmental Program (OWIP) is submitting a request to OMB to approve a change in reporting requirements for SEP and WAP from quarterly to monthly for certain key metrics.

BACKGROUND: The Paperwork Reduction Act of 1995 requires Federal agencies to obtain OMB approval for information collection from ten or more persons other than agencies, instrumentalities, or employees of the United States.

In accordance with the Department of Energy (DOE) Financial Assistance Regulations, 10 CFR part 420 and 440, your approval is requested for a class deviation applicable to the frequency of performance reporting for DOE's SEP and WAP.

SEP and WAP have been assigned a significant role in the American Recovery and Reinvestment Act of 2009 (Recovery Act). The successful execution of these programs is an important part of achieving the goals in the Recovery Act. DOE needs more frequent information to manage risks, monitor activities and to respond to requests on the progress of Recovery Act and FY 2009 funds in a timely manner.



DISCUSSION: Under the relevant Subparts of the DOE's Financial Assistance Regulations which prescribe performance reporting, reporting shall not be required more frequently than quarterly or less frequently than annually. Accordingly, under the Federal Assistance Reporting Checklist (DOE F 4600.2) for Financial Assistance awards, DOE does not require Recipients to submit performance reports more frequently than quarterly. These reports are due within thirty (30) days following the end of the calendar quarter. Quarterly reporting is insufficient to adequately monitor projects selected under SEP and WAP.

Quarterly reports do not provide current information, and do not allow DOE to identify and address problems in a timely manner. With quarterly reporting, where data can be up to five months old, the SEP and WAP Grantees could accrue costs without the benefit of actionable DOE oversight. In addition, quarterly reporting allows for too infrequent reporting for DOE to implement effective oversight, particularly when considering Grantees may break down subgrantee reporting requirements into relatively short duration phases such as monthly for billing purposes.

Accordingly, the Department of Energy (DOE) proposes to use monthly progress reporting for certain key metrics in order to minimize risk and ensure that the technical and financial information necessary to manage the SEP and WAP is timely, complete, and not compromised by a less frequent (i.e. quarterly) reporting frequency.

Under the proposed deviation, SEP and WAP Grantees will be required to submit monthly program and financial status reports. WAP Recipients will report monthly on planned and actual: funds expended, homes weatherized and jobs created/retained. SEP Recipients will report on planned and actual: expenditures, jobs created /retained and activities in key areas against milestones for each reporting period. Those key program areas are: building retrofits, loans and grants awarded, and small scale renewable energy applications installed.

Specifically, production, milestone status and expenditure metrics are indicative of SEP and WAP progress, if these reports show that these metrics are behind schedule or over budget, the Grantee will be required to identify causes and develop an approach to addressing the deficiency.

Grantees are required to report significant events that will seriously delay the project or affect costs as part of the program-specific and standard reporting requirements, summarized as follows:

Recipients must notify DOE of any "problems, delays, or adverse conditions which materially impair the recipient's ability to meet the objectives of the award or which may require DOE to respond to questions relating to such events from the public ... The recipient must report ...any event which is anticipated to cause a significant schedule slippage or cost increase".

The purpose of obtaining data on key metrics on a monthly basis is to ensure that SEP and WAP projects do not come to a point where a significant delay must be reported. This proactive approach does not rely on the Grantee to identify significant problems, delays, or adverse conditions which materially impair the ability to meet the objectives of the award. Rather, this approach seeks to anticipate problems in their early stages, at budget and production stages, and provides for approaches to address the deficiencies *before* they

materially impair the ability to meet the objectives of the award. By not relying on the Grantee to notify DOE of problems when they arise, DOE can interpret the data and come to a conclusion independent of the Grantee regarding project status.

The overall performance of the Grantee, *i.e.* success in achieving proposed objectives within budget and on schedule, will be evaluated throughout the award period. This data provides a quantitative method to evaluate the Grantee's performance.

SUMMARY: The reasons for supporting the proposed Class Deviations for SEP and WAP are detailed below.

1. DOE does not have the authority to pursue an alternate procurement instrument, such as a contract, so that more frequent reporting can be obtained because the statutory authority for this Program states that the secretary shall provide "financial assistance."
2. Frequent reporting provides the necessary information for the DOE and the Grantee to manage the project and ensure that it meets its specified goals on schedule and within budget.
3. Invoices cannot be used as a frequent tracking tool.
4. With quarterly reporting, where data can be up to five months old, the SEP and WAP Grantee could accrue costs without the benefit of actionable DOE oversight.
5. Quarterly reporting of key information is too infrequent for DOE to implement effective oversight, particularly when considering the projects may be broken down into relatively short duration phases.
6. Monthly reporting will respond to criticisms regarding performance and provide for overall excellence in project management, as expected by oversight agencies.
7. Monthly reporting will be used to identify schedule and cost delays and develop approaches to address deficiencies in a timely manner.

SENSITIVITIES: Monthly reporting does represent an increased reporting burden for the states and subgrantees. However, DOE is minimizing that burden as much as possible by requiring monthly reporting for a few key progress and performance metrics only.

POLICY IMPACT: None.

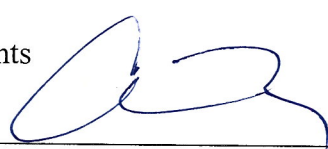


RECOMMENDATION: That the Assistant Secretary approve the reporting change for SEP and WAP.

Attachments

Approve: _____

Disapprove: _____

Date: _____

 ✓ 

23 Oct 09