



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

Examination Report

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



OAS-RA-13-13

February 2013



Department of Energy
Washington, DC 20585

February 21, 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 written over a horizontal line.

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

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

INTRODUCTION AND OBJECTIVE

The attached report presents the results of an examination of the Texas State Energy Conservation Office's (Agency) 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, to express an opinion on the Agency's compliance with Federal 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 \$3.2 billion to develop, promote, implement and manage energy efficiency and conservation projects and programs designed to reduce fossil fuel emissions, reduce total energy use of the eligible entities, and improve energy efficiency in the transportation, building and other appropriate sectors. The Agency received a \$45.6 million grant award that was to be expended over a 3-year period from September 14, 2009 to September 13, 2012. The Department of Energy later extended the award's period of performance to September 13, 2013.

OBSERVATIONS AND CONCLUSIONS

Lani Eko & Company, CPAs, PLLC, expressed the opinion that the Agency complied in all material respects with the aforementioned requirements and guidelines relative to the EECBG Program for the period September 14, 2009 through October 31, 2011. There were no findings and recommendations as a result of this examination.

EXAMINATION-LEVEL ATTESTATION

Lani Eko & Company, CPAs, PLLC, 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 Agency's policies and procedures and reviewing applicable 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 & Company, CPAs, PLLC, did not comply, in all material respects, with the attestation requirements. Lani Eko & Company, CPAs, PLLC, is responsible for the attached report dated, January 16, 2013, and the conclusions expressed in the report.

Attachment

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

**EXAMINATION REPORT OF
TEXAS COMPTROLLER OF
PUBLIC ACCOUNTS - STATE
ENERGY CONSERVATION
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 (Recovery Act), Energy Efficiency and Conservation Block Grant Program (EECBG Program) funds awarded by the U.S. Department of Energy (Department) to the State Energy Conservation Office (SECO) at the Texas Comptroller of Public Accounts for the period September 14, 2009 through October 31, 2011. SECO 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 EECBG Program, Federal and State laws, regulations, and 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, SECO complied, in all material respects, with the aforementioned requirements and guidelines relative to EECBG Program funds awarded to SECO for the period September 14, 2009 through October 31, 2011.

Lani Eko & Company, CPAs, PLLC

January 16, 2013
Alexandria, Virginia

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

The American Recovery and Reinvestment Act of 2009 (Recovery Act) appropriated \$3.2 billion to the U.S. Department of Energy (Department) to award formula-based and competitive 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 assist these entities in developing, promoting, implementing, and managing energy efficiency and conservation projects.

The Department awarded \$45,638,100 to the State of Texas' State Energy Conservation Office (SECO) which was to be expended over a 3-year period from September 14, 2009 to September 13, 2012. The Department later extended the award's period of performance to September 13, 2013. SECO, under the direction of the Texas Comptroller's Office, operates the EECBG Program. SECO funded four activities under the grant: building energy audits and retrofits, installation of distributed energy technologies, installation of energy-efficient traffic signals and street lighting, and installation of renewable energy technologies on government buildings. For the period from September 14, 2009 through October 31, 2011, SECO reported that it had awarded \$37,876,357 to 964 sub-recipient cities and counties based on a population formula.

SECTION II. Summary of Findings

There were no findings as a result of this examination. SECO officials elected to waive the exit conference. Because there were no findings in this report, a formal management response was not required.

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