



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

Audit Report

The Department of Energy's
Weatherization Assistance Program
Funded under the American
Recovery and Reinvestment Act for
the State of New York





Department of Energy
Washington, DC 20585

April 6, 2012

**MEMORANDUM FOR THE ASSISTANT SECRETARY FOR ENERGY EFFICIENCY
AND RENEWABLE ENERGY**

FROM:

A handwritten signature in blue ink, appearing to read "Rickey R. Hass".

Rickey R. Hass
Deputy Inspector General
for Audits and Inspections
Office of Inspector General

SUBJECT:

INFORMATION: Audit Report on "The Department of Energy's
Weatherization Assistance Program Funded under the American
Recovery and Reinvestment Act for the State of New York"

BACKGROUND

The Department of Energy's Weatherization Assistance Program (Weatherization Program) received \$5 billion under the American Recovery and Reinvestment Act of 2009 to improve the energy efficiency of residences owned or occupied by low-income persons. The Department subsequently awarded the State of New York (New York) a Weatherization Program grant of \$394.6 million.

New York's Weatherization Program is administered by the Division of Housing and Community Renewal (DHCR) through 74 local entities. New York's goal is to weatherize approximately 45,000 units with Recovery Act funding, providing services to qualified elderly households, persons with disabilities and families with children, on a priority basis. As of December 31, 2011, New York officially reported spending \$340.8 million to complete the weatherization of approximately 52,000 units.

Given the significant amount of funding involved and the demands associated with weatherizing thousands of homes, we initiated this audit to determine if DHCR and four of its local entities – Action for a Better Community, Inc. (ABC); Association for Energy Affordability, Inc. (AEA); People's Equal Action and Community Effort, Inc. (PEACE); and, Saratoga County Economic Opportunity Council, Inc. (SARA) – had adequate safeguards in place to ensure the Weatherization Program was managed efficiently, effectively and in compliance with Federal and State laws and regulations. This report focuses on conditions common to the local entities we reviewed. We have issued separate reports on the local entities for conditions that we consider to be specific to that entity. See Attachment 2.

CONCLUSIONS AND OBSERVATIONS

DHCR had not always managed its Weatherization Program efficiently, effectively and in compliance with laws and regulations. Specifically, we found DHCR had not ensured that:

- Local entities complied with Federal cash management requirements governing requests for reimbursement, deposit of Federal funds in interest-bearing accounts and return of interest earned on advances of Federal funds to the Department. In fact, local entities retained cash well in excess of Weatherization Program needs. Rather than using funds advanced for ongoing needs as required, local agencies inappropriately retained approximately \$49 million of the \$54 million (90 percent) received in advances. Further, only 10 of New York's 74 agencies had deposited funds in interest-bearing accounts, as required; and,
- Information was maintained to track and monitor the quality of weatherization services, and where appropriate, take corrective action on systemwide deficiencies. In the absence of a system to identify underperforming contractors or weatherization measures that were frequently deficient, New York's ability to take appropriate corrective action to improve services was limited.

Management of Federal Funds

New York had not ensured local entity compliance with Federal and State cash management requirements. Specifically, we found local entities had not: managed advanced funds in accordance with Federal regulations; deposited Federal funds in interest-bearing accounts; and, remitted interest earnings, when accrued, quarterly to the U.S. Treasury through the Department.

Reimbursement in Excess of Weatherization Program Needs

Local entities retained cash well in excess of Weatherization Program needs. New York, with the Department's approval, advanced local agencies over \$54 million, or anywhere from 15 to 25 percent of the grant award, to cover start-up costs and manage working capital needs. Rather than using the funds to cover costs, however, our analysis indicated that 65 of 74 local entities retained approximately \$49 million of the \$54 million initially advanced and requested additional funding in subsequent months for actual costs incurred.

According to Federal regulation 10 CFR 600.221, a grantee must use advances "to cover its estimated disbursement needs for an initial period generally geared to the grantee's disbursing cycle. Thereafter, the awarding agency shall reimburse the grantee for its actual cash disbursements." The goal of Federal cash management regulations is to minimize the amount of time elapsed between when costs are incurred by State and local entities and when costs are reimbursed by the Federal government. New York officials informed us that their incurred cost reimbursement process was intended to ensure local entities maintained cash advances throughout the budget period to meet anticipated operating needs, a practice inconsistent with Federal regulations.

Lack of Interest-Bearing Accounts

Three of the four local entities we reviewed (ABC, AEA and SARA) had not deposited initial Recovery Act advances totaling \$6.7 million in interest-bearing accounts, as required by Federal regulation 10 CFR 600.122. New York officials acknowledged that the guidance they provided

to local entities was not clear. The guidance sent to the local entities, which was silent on the issue of depositing funds in interest-bearing accounts, stated only that interest, if earned, should be remitted to the Federal government. Further, although New York monitors had obtained information on local entity weatherization cash balances, they had not used the information to ensure compliance with the Code of Federal Regulations.

As a result of our audit, Department officials requested New York to review the practices of all local entities to determine if Weatherization Program funds had been managed in accordance with applicable regulations. New York found that 64 of its 74 local entities, 86 percent, had not deposited advances in interest-bearing accounts.

Returning Interest Earnings to the U.S. Treasury

While Federal and State guidance both require interest earned on advanced funds to be remitted at least quarterly to the U.S. Treasury through the Department, New York's contracts with local entities erroneously allowed entities to retain interest and use it at the discretion of the entities. One of the four local entities we reviewed, PEACE, had deposited approximately \$1.8 million in an interest-bearing account, but had not remitted about \$4,000 in interest earned until we brought the error to the attention of local officials. Further, during the cash management review noted above, New York identified about \$17,000 in interest earned related to the 10 entities that had deposited advances in interest-bearing accounts. These funds should have been returned to the U.S. Treasury through the Department. New York officials have been proactive in collecting the outstanding interest earned; and to date, approximately \$13,000 has been returned to the Department. We conservatively estimate that had all agencies properly deposited funds in interest-bearing accounts, approximately \$118,000 in earned interest would have been returned to the Federal government.

Quality of Weatherization Services

We were unable to determine the overall quality of New York's weatherization services because neither the State nor its local entities had systematically maintained information on issues identified as failures during final inspections and re-inspections. Such information would provide data on any underperforming contractors and/or problematic weatherization measures, thereby enabling New York to determine systemwide issues, develop timely corrective action measures and tailor its training initiatives.

We acknowledge that New York monitored approximately 16 percent of weatherized units; however, the lack of a formalized, Weatherization Program-wide system to track and analyze the quality of weatherization services is concerning. For instance, at one local entity, ABC, five of the nine single-family units we visited with a State inspector failed re-inspection. The units had all been reported to the Department as previous completions. The inspector identified four instances of improper equipment and insulation installation, and one health and safety issue. For example, in one home, the inspector, using an infrared camera, identified a number of empty wall cavities that should have been insulated. In another home, the inspector noted a health and safety issue involving the use of spray foam installed around a hot water vent pipe. The inspector required the local entity to correct all workmanship issues and suggested that in the

future, the agency use infrared cameras to improve the quality of post-work inspections. As a result of our audit, local entity officials reported that all of the identified deficiencies have been corrected and infrared cameras have been obtained and issued to crew and inspection staff.

This condition occurred because New York regulations did not require collection or consolidation of information from the State's inspection results. In our opinion, maintaining consolidated information on inspection failures could improve the quality of the New York Weatherization Program as a whole.

Other Reports

As previously noted, we have issued, under separate covers, reports on ABC, PEACE and SARA. Under the Recovery Act, we were responsible for auditing local entities of the New York Weatherization Program. To help fulfill these responsibilities, we contracted with Otis and Associates, PC (Otis), an independent certified public accounting firm. Otis' reports include:

- Examination Report on *People's Equal Action and Community Effort, Inc.* – *Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009* (OAS-RA-11-20, September 2011);
- Examination Report on *Action for a Better Community, Inc.* – *Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009* (OAS-RA-11-21, September 2011); and,
- Examination Report on *Saratoga County Economic Opportunity Council, Inc.* – *Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009* (OAS-RA-12-05, January 2012).

We concur with the identified recommended improvements in procurement, eligibility, cash management, accounting, segregation of duties and maintaining required documentation. Although specific to the local entities, the issues and the recommended corrective actions require further action by the State. Details of the conclusions are in its reports. See Attachment 2 for hyperlinks to these and other related reports.

RECOMMENDATIONS

To address the deficiencies identified in our audit and to help ensure the success of the New York Weatherization Program, we recommend that the Assistant Secretary for Energy Efficiency and Renewable Energy ensure that New York's DHCR:

1. Establish policies, procedures and contracts that comply with Federal cash management regulations. Specifically:
 - a. Ensure all entities deposit initial and subsequent advances in interest-bearing accounts; and,

- b. Ensure interest earned is returned to the Department;
2. Formalize a system to track and analyze the results of home weatherization inspections and re-inspections; and,
3. Review recommendations for corrective action contained in attached local entity specific reports.

Further, we recommend that the Department's Contracting Officer for the Weatherization Program work with New York to ensure that interest earned by local entities is returned to the Department.

MANAGEMENT AND AUDITOR COMMENTS

Management provided responses that generally agreed with our recommendations. Management comments proposed a number of corrective actions, including updating policy and guidance, which we found to be responsive to our recommendations.

Comments provided by the Deputy Assistant Secretary for Energy Efficiency and Renewable Energy concurred with our recommendations. Management's comments are included in their entirety in Attachment 3.

Attachments

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

OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE

The objective of this audit was to determine if the State of New York had adequate safeguards in place to ensure the Weatherization Assistance Program (Weatherization Program) was managed efficiently, effectively and in compliance with Federal and State laws and regulations.

SCOPE

This report contains the results of an audit performed between December 2010 and March 2012, at the National Energy Technology Laboratory (NETL) in Pittsburgh, Pennsylvania and the Division of Housing and Community Renewal (DHCR) in Albany, New York. We also performed a review at Association for Energy Affordability, Inc. in New York, New York. Additionally, an independent public accounting firm, Otis and Associates, PC, under contract with the Office of Inspector General (OIG), conducted Examination Level Attestation Engagements at three local entities – Action for a Better Community, Inc. in Rochester, New York; People's Equal Action and Community Effort, Inc. in Syracuse, New York; and, Saratoga County Economic Opportunity Council, Inc. in Saratoga Springs, New York. We concentrated our efforts on DHCR's Weatherization Program as funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act).

METHODOLOGY

To accomplish the audit objective, we:

- Reviewed applicable laws, regulations and guidance pertaining to the Weatherization Program under the Recovery Act, as well as guidance applicable to the State of New York's Weatherization Program;
- Held discussions with DHCR, NETL, New York State OIG and Office of the New York State Comptroller officials to discuss current and ongoing efforts to implement the requirements of the Weatherization Program under the Recovery Act;
- Reviewed applicant and unit eligibility as well as general ledger information to analyze costs incurred and cash draw downs;
- Reviewed Weatherization Program building (multi-unit) and local entity files and reports;
- Physically observed ongoing and completed weatherization work; and,
- Reviewed purchases of weatherization materials and costs incurred for labor for reasonableness.

We conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. The audit included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the objective. Accordingly, we considered the establishment of Recovery Act performance measures, which included certain aspects of compliance with the *Government Performance and Results Act of 1993*. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. Also, we utilized computer-processed data to identify Recovery Act expenditures in accomplishing our audit objective. We performed tests of the data and determined that it was sufficiently reliable to achieve the objective of our audit.

We held an exit conference with Department of Energy officials on March 9, 2012.

PRIOR REPORTS

Under the American Recovery and Reinvestment Act of 2009 (Recovery Act), the Office of Inspector General has initiated a series of audits designed to evaluate the Department of Energy's Weatherization Assistance Program's (Weatherization Program) internal control structures at the Federal, state and local levels. Although not found in every state, these audits have identified issues in areas such as poor quality of weatherization services, inspections and re-inspections, inadequate inventory controls and questioned costs resulting from the ineffective administration of Weatherization Program grants. Our series of audit reports include the following:

- Examination Report on [*Saratoga County Economic Opportunity Council, Inc. – Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009*](#) (OAS-RA-12-05, January 2012);
- Examination Report on [*Action for a Better Community, Inc. – Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009*](#) (OAS-RA-11-21, September 2011);
- Examination Report on [*People's Equal Action and Community Effort, Inc. – Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009*](#) (OAS-RA-11-20, September 2011);
- Examination Report on [*Cuyahoga County of Ohio Department of Development – Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009*](#) (OAS-RA-11-19, September 2011);
- Examination Report on [*Community Action Partnership of the Greater Dayton Area – Weatherization Assistance Program Funds Provided by the American Recovery and Reinvestment Act of 2009*](#) (OAS-RA-11-18, September 2011);
- Audit Report on [*The Department of Energy's Weatherization Assistance Program under the American Recovery and Reinvestment Act in the State of Tennessee*](#) (OAS-RA-11-17, September, 2011);
- Audit Report on [*The Department of Energy's Weatherization Assistance Program Funded under the American Recovery and Reinvestment Act for the Commonwealth of Virginia*](#) (OAS-RA-11-14, August, 2011);
- Audit Report on [*The Department of Energy's Weatherization Assistance Program Funded under the American Recovery and Reinvestment Act in the State of Indiana*](#) (OAS-RA-11-13, August 2011);


- Audit Report on [*The Department of Energy's Weatherization Assistance Program under the American Recovery and Reinvestment Act in the State of Missouri*](#) (OAS-RA-11-12, August, 2011);
- Audit Report on [*The Department of Energy's Weatherization Assistance Program under the American Recovery and Reinvestment Act in the State of West Virginia*](#) (OAS-RA-11-09, June, 2011);
- Audit Report on [*The Department of Energy's Weatherization Assistance Program Funded under the American Recovery and Reinvestment Act for the State of Wisconsin*](#) (OAS-RA-11-07, June, 2011);
- Audit Report on [*The Department of Energy's Weatherization Assistance Program under the American Recovery and Reinvestment Act for the Capital Area Community Action Agency – Agreed-Upon Procedures*](#) (OAS-RA-11-04, February, 2011);
- Audit Report on [*The Department of Energy's Weatherization Assistance Program under the American Recovery and Reinvestment Act for the City of Phoenix – Agreed-Upon Procedures*](#) (OAS-RA-11-03, November, 2010);
- Audit Report on [*Selected Aspects of the Commonwealth of Pennsylvania's Efforts to Implement the American Recovery and Reinvestment Act Weatherization Assistance Program*](#) (OAS-RA-11-02, November, 2010);
- Audit Report on [*The State of Illinois Weatherization Assistance Program*](#) (OAS-RA-11-01, October, 2010);
- Audit Report on [*The Department of Energy's Use of the Weatherization Assistance Program Formula for Allocating Funds under the American Recovery and Reinvestment Act*](#) (OAS-RA-10-13, June 2010);
- Preliminary Audit Report on [*Management Controls over the Commonwealth of Virginia's Efforts to Implement the American Recovery and Reinvestment Act Weatherization Assistance Program*](#) (OAS-RA-10-11, May, 2010);
- Special Report on [*Progress in Implementing the Department of Energy's Weatherization Assistance Program Under the American Recovery and Reinvestment Act*](#) (OAS-RA-10-04, February, 2010); and,
- Audit Report on [*Management Alert on the Department's Monitoring of the Weatherization Assistance Program in the State of Illinois*](#) (OAS-RA-10-02, December, 2009).

MANAGEMENT COMMENTS

Department of Energy
Washington, DC 20585

MAR 02 2012

MEMORANDUM FOR: RICKEY R. HASS
DEPUTY INSPECTOR GENERAL
FOR AUDITS AND INSPECTIONS
OFFICE OF INSPECTOR GENERAL

FROM: KATHLEEN B. HOGAN 
DEPUTY ASSISTANT SECRETARY
FOR ENERGY EFFICIENCY
ENERGY EFFICIENCY AND RENEWABLE ENERGY

SUBJECT: Response to Office of Inspector General Draft Audit Report on "The Department of Energy's Weatherization Assistance Program Funded under the American Recovery and Reinvestment Act for the State of New York."

The Office of the Inspector General (OIG) makes three recommendations for DOE's oversight of the New York State Division of Housing and Community Renewal (DHCR)'s Weatherization Assistance Program (Weatherization Program). The OIG's recommendations address administrative compliance issues found at several WAP Subgrantees. One recommendation addresses the lack of a statewide system to collect data from monitoring inspections conducted by New York DHCR Weatherization Program field staff. We concur with the OIG's recommendations and have been working with the New York DHCR to ensure they implement plans that address these recommendations.

OIG Recommendation 1: Establish policies, procedures and contracts that comply with Federal cash management regulations. Specifically:

- a. Ensure all entities deposit initial and subsequent advances in interest-bearing accounts; and
- b. Ensure interest earned is returned to the Department.

DOE Response: DOE agrees with the recommendations of the OIG. As a result of this recommendation... DHCR directed all of its Subgrantees to maintain Weatherization Program funds in interest-bearing accounts and to remit interest earned to the State quarterly. In turn, DHCR is now remitting these interest earnings to DOE quarterly. DHCR also revised its Weatherization Program Policies and Procedures Manual to comply with federal cash management regulations.



Printed with soy ink on recycled paper

OIG Recommendation 2: Formalize a system to track and analyze the results of home weatherization inspections and re-inspections.

DOE Response: DOE agrees with the recommendations of the OIG. DHCR does not have a universal management information system to record and track detailed monitoring data. DOE has contacted DHCR to verify that DHCR is taking action on this finding. DHCR is looking into what type of tracking system would work best for their program to collect statewide monitoring data. DOE will assess DHCR's progress on implementing a comprehensive system during the upcoming monitoring trip in March 2012.

OIG Recommendation 3: Review recommendations for corrective action contained in attached local entity specific reports.

DOE Response: DOE agrees with the recommendations cited at the three subgrantees audited by the OIG. For two of the subgrantees, Action for a Better Community, Inc. (ABC) and People's Equal Action and Community Effort, Inc. (PEACE), DHCR has already implemented corrective actions, which DOE has confirmed during onsite monitoring in October 2011 at the offices of DHCR and ABC.

The OIG report for Saratoga County Economic Opportunity Council, Inc. (SARA) was released to DOE on January 20, 2012. DOE has followed up to ensure that DHCR has implemented appropriate corrective actions. The DOE Project Officer will confirm implementation of the corrective actions during the onsite monitoring visit in March 2012 at DHCR and SARA.

DOE thanks the OIG for its recommendations and will continue to implement all corrective actions.



NEW YORK STATE
DIVISION OF HOUSING
& COMMUNITY
RENEWAL

HOUSING
TRUST FUND
CORPORATION

STATE OF
NEW YORK MORTGAGE
AGENCY

NEW YORK STATE
HOUSING FINANCE
AGENCY

NEW YORK STATE
AFFORDABLE HOUSING
CORPORATION

STATE OF
NEW YORK MUNICIPAL
BOND BANK AGENCY

TOBACCO SETTLEMENT
FINANCING
CORPORATION

ANDREW M. CUOMO
GOVERNOR

DARRYL C. TOWNS
COMMISSIONER/CEO

February 24, 2012

Mr. Rickey R. Haas
Deputy Inspector General for Audits and Inspections
Office of Inspector General
U.S. Department of Energy
Washington, DC 20585

Re: Draft Weatherization Audit Report

Dear Mr. Haas:

Thank you for your letter of February 3, 2012 requesting our comments to your office's draft audit report concerning New York State Homes and Community Renewal's (HCR) Weatherization Assistance Program (WAP).

During the past three years, HCR has invested more than \$500 million in WAP funds, together with more than \$100 million in other program funds, to improve the energy efficiency and reduce energy costs of the homes of nearly 100,000 New Yorkers. These investments have also created hundreds of green jobs in New York and provided many other tangible benefits as further indicated in the attached Fact Sheet.

HCR is committed to the success of the WAP and we welcome the opportunity to improve performance and maximize efficiency in our administration of this important program. Our comments on the report and steps we've taken are outlined below:

1. Cash advances: As of February 22, 2012, approximately 95% of the ARRA/WAP funds HCR initially advanced to subgrantees have now been expended on eligible activities. The balance of these funds are being used for work that is currently in progress.

Consistent with one of ARRA's main objectives - "to preserve and create jobs and promote economic recovery" - HCR initially advanced 25% of each ARRA grant to subgrantees in anticipation of a quick start to production. Unfortunately, production was postponed by more than nine months due to issues outside of HCR's control, including the delayed issuance and implementation of Davis-Bacon Act prevailing wage regulations. Consistent with HCR/WAP policy, any subsequent disbursements to subgrantees were made on a reimbursement basis, only when justified by properly documented subgrantee expenditures. Such disbursements were frequently verified through regular on-site monitoring by HCR or its agents.

To help assure that future advances of funds are repaid in a timely manner, HCR has instituted a policy in which the subgrantees must report their cash-on-hand when requesting additional payments. Requests for payment that exceed subgrantee cash needs will be reduced based on subgrantee available resources.

2. Interest-bearing accounts: Prior to 2011, HCR required subgrantees to treat any interest earned as program income and use the interest for WAP purposes, to assist additional low income households. We understood this practice to be consistent with federal rules. In September, 2011, upon learning that interest must be returned to the Federal government, HCR issued policy guidance to subgrantees to require that they deposit WAP funds in interest-bearing accounts and remit any interest earned to HCR on a quarterly basis, for reimbursement to DOE. HCR reviews subgrantee financial records during routine monitoring to ensure that subgrantees comply with this policy.

38-40 State Street, Albany, NY 12207
nysbcr.org

Mr. Rickey Haas
Page 2

3. **Quality assurance:** At all times, HCR has had a formalized system in place to identify failures and deficiencies in subgrantee administration. In certain fundamental areas, HCR's practices far exceed the federal government's requirements, as explained below. HCR conducts intensive field monitoring of program activities, with on-site visits at each subgrantee every six- to eight weeks. Each of these visits is typically three days, with two full days spent inspecting work in progress or recently completed. At the conclusion of each monitoring visit, a Field Visit Report (FVR) is prepared by the HCR field monitor that documents the findings of the visit. The FVR details inspection results for each unit and identifies deficiencies, failures and best practices related to work installed that must be corrected, and is subject to inspection in subsequent visits. A subgrantee representative signs the report to acknowledge receipt of the findings.

Each FVR is reviewed by a regional supervisor and by HCR's Field Operations Manager. These reviews identify issues to be resolved by monitoring staff when needed, and supervisors accompany monitors on a sample of visits to ensure quality and follow-up. At the end of the budget year, the results of field monitoring for each subgrantee are aggregated in a formal annual evaluation where deficiencies and good practices are noted, and any training needs of the subgrantee identified. Individual subgrantees are encouraged to follow similar quality assurance protocols, including review of inspection reports and identification of staff and sub-contractor training needs. Although not required by Program rules, HCR will also implement a program-wide tracking system to identify issues common across subgrantees, if funding permits.

In addition to monitoring, HCR assures quality by requiring subgrantees to employ staff that are certified by the Building Performance Institute, and through use of our extensive training and technical assistance program. Two training centers established by HCR and enhanced with ARRA funding offer subgrantee staff comprehensive training in state-of-the art facilities, using DOE-approved curricula. HCR training programs help to assure quality and effectiveness of all weatherization work.

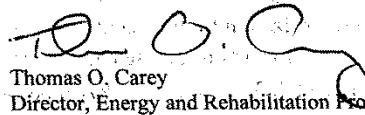
While Federal rules require States to inspect a minimum of 5% of completed units, HCR has actually inspected more than 17% of units completed to date. HCR has reports on inspections of more than 10,000 units that were assisted during the past three years.

HCR takes the draft report's conclusions very seriously and is working to implement all necessary changes. HCR subgrantees have assisted more than 60,000 units with ARRA funding and, working collaboratively with HCR, have succeeded in meeting important and quantifiable program goals, such as reductions in energy use in assisted units. In the example cited in the report, the HCR field monitor correctly identified deficiencies in work performed by the subgrantee, and those deficiencies have now been addressed by the subgrantee. To our knowledge, no deficiencies were found in units inspected at three other subgrantees.

HCR's administration of the Weatherization Assistance Program has been the subject of no fewer than eight audits and reviews during the past three years. None of these reviews resulted in disallowed costs or found serious violations of State or Federal laws or regulations. This review found no evidence of waste, fraud, or abuse in the provision of weatherization services by HCR.

I appreciate the courtesy and cooperation shown by your office and your staff. If you or your staff has any questions on this matter, please contact me at (518) 474-5700, or by email.

Sincerely,



Thomas O. Carey
Director, Energy and Rehabilitation Programs

Attachment

cc: Warren Cunningham, DOE
Daniel Buyer, Assistant Commissioner

CUSTOMER RESPONSE FORM

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We wish to make our reports as responsive as possible to our customers' requirements, and, therefore, ask that you consider sharing your thoughts with us. On the back of this form, you may suggest improvements to enhance the effectiveness of future reports. Please include answers to the following questions if they are applicable to you:

1. What additional background information about the selection, scheduling, scope, or procedures of the audit or inspection would have been helpful to the reader in understanding this report?
2. What additional information related to findings and recommendations could have been included in the report to assist management in implementing corrective actions?
3. What format, stylistic, or organizational changes might have made this report's overall message more clear to the reader?
4. What additional actions could the Office of Inspector General have taken on the issues discussed in this report which would have been helpful?
5. Please include your name and telephone number so that we may contact you should we have any questions about your comments.

Name _____ Date _____

Telephone _____ Organization _____

When you have completed this form, you may telefax it to the Office of Inspector General at (202) 586-0948, or you may mail it to:

Office of Inspector General (IG-1)
Department of Energy
Washington, DC 20585

ATTN: Customer Relations

If you wish to discuss this report or your comments with a staff member of the Office of Inspector General, please contact our office at (202) 253-2162.

This page intentionally left blank.

The Office of Inspector General wants to make the distribution of its reports as customer friendly and cost effective as possible. Therefore, this report will be available electronically through the Internet at the following address:

U.S. Department of Energy Office of Inspector General Home Page
<http://energy.gov/ig>

Your comments would be appreciated and can be provided on the Customer Response Form.