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# Watchdog Says Energy Department Not Prepared for Stimulus Funds

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By IAN TALLEY

WASHINGTON -- The Department of Energy isn't fully prepared to successfully manage \$38 billion in Recovery Act funding, despite restructuring its protocols, the agency's inspector general said Wednesday.

In a special report, Inspector General Gregory Friedman said the agency's efforts to develop and apply a control structure to oversee spending of an unprecedented amount of funding were proactive and positive. But, the inspector general said, "additional work is necessary if the department is to successfully manage Recovery Act-related risks."

Chief among the criticisms, the inspector general said the agency couldn't determine if its systems would be able to handle the expected increased workload caused by the funding, and the agency couldn't ensure award recipients were able to accurately report required accounting and performance standards.

DOE spokeswoman Stephanie Mueller said the department welcomed the report and was working with his office to implement the recommendations, which "provide useful precautionary guidance".

"Secretary [Steven] Chu has made it a major priority to ensure that every dollar entrusted to the department is spent responsibly and effectively," she said.

The report comes after years of problems with the agency's management of loan guarantees and fears by some lawmakers that the agency wouldn't be able to handle the new funding with adequate oversight.

Nearly four years after Congress passed legislation authorizing the agency to guarantee loans for clean-energy projects, the agency has so far guaranteed very few.

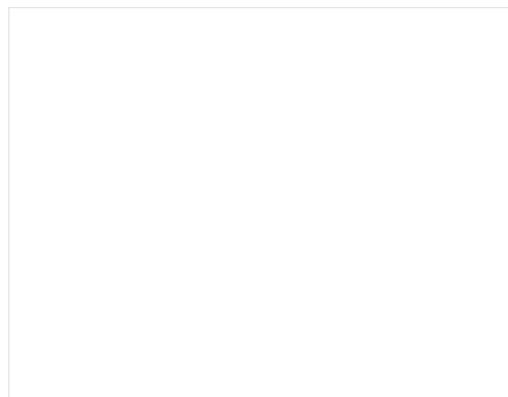
In May, seven trade groups -- including the Nuclear Energy Institute, the Solar Energy Industries Association and the American Wind Energy Association -- wrote to the agency complaining of the delay in awarding more than \$100 billion in loans and guarantees.

Lawmakers were concerned that injecting more money into the agency's system would aggravate the existing bottleneck. The agency hired ex-McKinsey & Co. executive Matthew Rogers to help streamline the system. Meanwhile, the White House's Office of Management and Budget mandated new funding, accountability and performance reporting of recovery funds.

Mr. Friedman also said in his report that there was a lack of communication between agency offices on Recovery Act reporting. For example, the offices of Fossil Energy and Program, Analysis and Evaluation yielded job-creation estimates with "significantly different results."

Nearly two-thirds of the performance standards being used by the DOE weren't quantifiable, and the department hadn't developed specific metrics to measure job creation and retention, a fundamental Recovery Act objective, Mr. Friedman said.

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