



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-11-0236

December 21, 2009

ARRA REVIEW OF OFFICE OF ENERGY DEVELOPMENT STATE
ENERGY PROGRAM

Indiana Inspector General Staff Attorney Amanda Schaeffer and State Examiner Bruce Hartman of the Indiana State Board of Accounts report as follows:

This report addresses an evaluation of the State Energy Program of the Lieutenant Governor's Office of Energy Development (OED).¹

I

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act² (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in

¹ The Office of Energy Development is under the Lieutenant Governor's Office and was established to create the state's energy plan. Indiana's strategic energy plan, Hoosier Homegrown Energy, was implemented by the OED in 2006.

² 40 USC 1606.

program funding and tax credits.³

The purpose of this report is to reflect an initial evaluation of ARRA compliance by the OED State Energy Program.

II

In 2009, OED has been provided \$68,621,000 in ARRA funds to create and implement projects to improve energy efficiency. The funds must be obligated by October 17, 2010 and liquidated by April 17, 2012.

III

From our initial review, we find that, except for the issues discussed below, the program controls outlined in the State Energy Program spending plan or other related documentation are adequate to meet the respective federal ARRA

³ Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (OIG) and the State Board of Accounts (SBOA) that the expenditure of government funds may invite fraud and waste. The Office of the Inspector General's (OIG's) enabling statute states that the OIG "is responsible for addressing fraud, waste, abuse and wrongdoing in agencies." IC 4-2-7-2(b). The OIG is also mandated to "recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government." IC 4-2-7-3(2). These duties include the authority to "initiate, supervise and coordinate" investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to "prepare interpretive and educational materials and programs." IC 4-2-7-3(16). Immediately upon the OIG's creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies' missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish "accounting and uniform compliance guidelines manuals" ("Manuals") to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or "any law". IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (OMB).

and OMB guidelines and requirements.

A potential issue was noted regarding OED's allocation of administrative expenses for the program. In addition, it was noted that the ARRA award amount is approximately 111 times greater than the conventional award amount for the current fiscal year.

At a later date we will perform additional procedures as deemed necessary to verify compliance requirements, particularly given the large award amount in this case. The work papers prepared during this review will be retained as approved by the Oversight Commission on Public Records.

Dated this 21st day of December, 2009.



David O. Thomas, Inspector General