

TRACKING THE FUNDS:

Specific Fiscal Year 2022 Provisions for Department of Energy

GAO-22-105918 · September 2022
 Report to Congressional Committees
Accessible Version



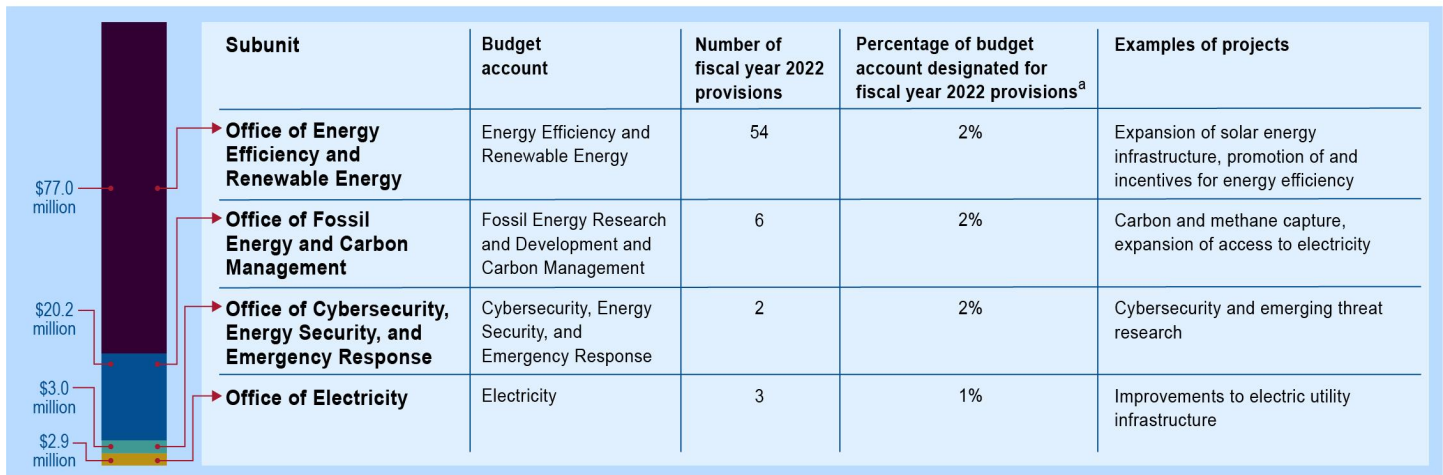
The Consolidated Appropriations Act, 2022 appropriated \$103.1 million to the Department of Energy (DOE) for 65 projects at the request of Members of Congress. The act includes specific provisions that designate an amount of funds for a particular recipient, such as a nonprofit organization or a local government, to use for a specific project. These provisions are called “Congressionally Directed Spending” in the U.S. Senate and “Community Project Funding” in the House of Representatives. Members of Congress had to meet certain requirements under Senate and House rules in order to have their requests included as provisions in the act. Such requirements included that Members post requests online and certify that they had no financial interest in the projects. The House also required Members to demonstrate community support for requests.

This report examines how DOE intends to identify these provisions, distribute the funds made available through the provisions, and ensure the funds are spent for the purposes Congress intended. For more information on this report and others in this series, including background and methodology, visit <https://www.gao.gov/tracking-funds>.

What are the intended uses of these funds?

The \$103.1 million is intended to support projects focused on addressing climate change through investing in renewable energy and reducing greenhouse gas emissions, and improving the resilience of the electricity grid.

Department of Energy: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions



Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Energy. | GAO-22-105918

Data table for Department of Energy: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions

| Subunit | Budget account | Number of fiscal year 2022 provisions | Percentage of budget account designated for fiscal year 2022 provisions /a/ | Examples of projects |
|--|--|---------------------------------------|---|---|
| Office of Energy Efficiency and Renewable Energy (\$77 million) | Energy Efficiency and Renewable Energy | 54 | 2% | Expansion of solar energy infrastructure, promotion of and incentives for energy efficiency |
| Office of Fossil Energy and Carbon Management (\$20.2 million) | Fossil Energy Research and Development and Carbon Management | 6 | 2% | Carbon and methane capture, expansion of access to electricity |
| Office of Cybersecurity, Energy Security, and Emergency Response (\$3 million) | Cybersecurity, Energy Security, and Emergency Response | 2 | 2% | Cybersecurity and emerging threat research |
| Office of Electricity (\$2.9 million) | Electricity | 3 | 1% | Improvements to electric utility infrastructure |

^aBased on total amount appropriated for each of the budget accounts for fiscal year 2022.

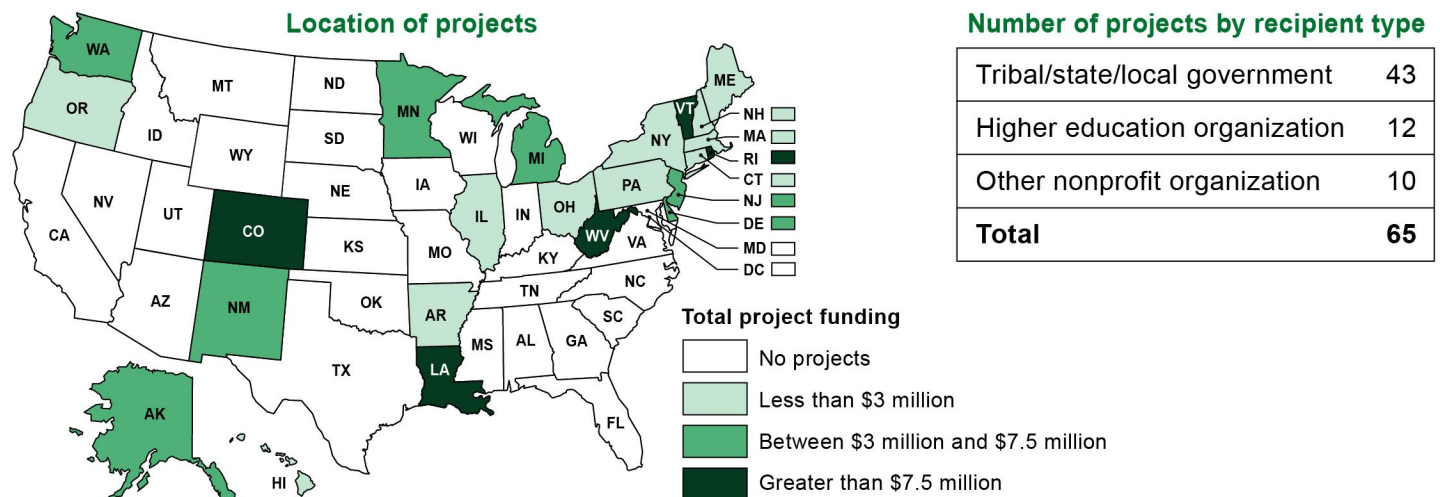
Who are the designated recipients?

There are 65 designated recipients of these funds, the majority of which (68 percent) are tribal, state, or local governments located in 23 states.

Key Observations

- Funding ranged from \$50,000 to \$9 million, with an average of \$1.6 million per project. About half of the projects (35) are funded at \$1 million or more.
- The project receiving the largest amount of funds (\$9 million) is to study the implementation of a carbon capture and sequestration system in Louisiana.
- Vermont has the most projects (eight) and is the state receiving the most funds overall (about \$18 million), which were all for energy efficiency and renewable energy projects.
- According to DOE officials, most of the recipients have not previously received DOE support.

Department of Energy: Distribution of Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions



Sources: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Energy; Map Resources (map). | GAO-22-105918

Who within the agency will be responsible for identifying and monitoring these funds?

DOE's Office of the Chief Financial Officer (CFO) will determine which offices are authorized to distribute and monitor the funds, consistent with existing budget accounts. According to DOE officials, Congress provided the name and amount for each provision via the enacted appropriation. Program offices will notify designated recipients, communicate the steps required to receive the funding, and monitor the implementation of the funding.

Each program office has contracting officers who will serve as the primary points of contact for the distribution of funds and a program manager who will assist the recipients in the planning and execution of the funded projects and monitor the implementation of each project. According to officials, program offices will coordinate with the CFO throughout this process.

How does the agency intend to ensure recipients are ready to receive and are able to use these funds?

DOE officials told us that the agency plans to use the same processes and guidance to ensure recipients are ready to receive and able to use these funds as it uses when assessing potential recipients' eligibility to receive funds competitively, such as through grants. According to DOE officials, the process for assessing readiness for receipt of federal funds will not differ between recipients designated to receive funds through these provisions and applicants for other DOE funding, with the exception that designated recipients are not required to compete for funding. In particular, DOE program offices are providing each recipient a letter instructing the recipient to complete an application package, which DOE plans to use to assess the recipient's cost share requirements, as outlined in DOE's *Guide to Financial Assistance*. The letter outlines the requirements of the application package, including a detailed budget justification, the statement of project objectives, and commitment letters from third parties contributing to the cost share.

In addition, DOE officials said the agency plans to check designated recipients against government-wide systems and assess recipients' ability to meet standards for the receipt of federal funds. Specifically, DOE will check each designated recipient against the System for Award Management—the primary database for information on entities that do business with the federal government—to ensure the recipient is registered and ready to receive federal funds.

How does the agency intend to ensure these funds are spent properly?

DOE program offices plan to use their regular processes for monitoring projects funded through Community Project Funding/Congressionally Directed Spending provisions to ensure that funds are properly spent and to prevent fraud, waste, and abuse. In particular, according to DOE officials, all applicable regulations and DOE guidance for financial assistance apply to these funds. DOE officials said that they will also use the Department of the Treasury's Do Not Pay working system to help ensure payments are made properly to recipients. The Office of Inspector General may also decide to review these funds as part of its oversight responsibilities.

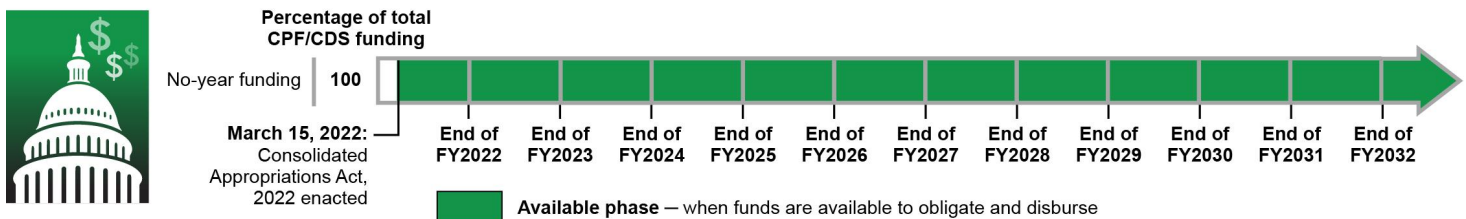
Further, DOE plans to use quarterly assessments, as well as progress and financial reports, to monitor the projects once funds are awarded and to ensure funds are spent properly. For the quarterly assessments, DOE program managers will act as the leads and work closely with the recipients to conduct the assessment. When funds are distributed, a program manager and the recipient will have an initial meeting to discuss DOE's role. There are specific forms and processes for program managers to use in completing the assessments. Program managers may have multiple projects, and they are to choose where to focus their time based on the findings in the assessments and reports. According to DOE officials, the goal is to have a successful project, and DOE will continually monitor whether each recipient needs additional technical assistance or whether there are issues with the spending or activities, such as difficulties meeting project milestones.

When does the agency expect recipients to have access to these funds, and when might the funds be spent?

DOE officials expect recipients to have access to these funds within 120 days of a completed application, assuming the Office of Management and Budget has approved apportionment of the funds. The process begins when DOE sends a letter to a designated recipient detailing the requirements for receiving the funds. From there, DOE officials said it usually takes 1 to 3 months to complete the application, which includes a variety of forms, such as a budget justification, statement of project objectives, commitment letters from third-party contributors to the cost share, and sub-recipient and subcontractor information. The time it takes for a designated recipient to complete an application depends on the recipient's responsiveness and knowledge of the application process. Some applications may take longer, depending on the recipient and nature of the project.

DOE officials expect most of the funds to be awarded within the calendar year of when appropriations were enacted. Funding for all of the provisions is no-year and is therefore available to DOE until fully expended (see figure below). For more information on the time availability of these funds, see [GAO-22-105467](#).

Department of Energy: Appropriations Life Cycle for Fiscal Year (FY) 2022 Community Project Funding/Congressionally Directed Spending (CPF/CDS) Provisions



Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; 31 U.S.C. § 1552; and information provided by the Department of Energy. | GAO-22-105918

Note: The phases depicted in this figure serve as general limitations for the Department of Energy's use of funds, and the agency may obligate or expend funds at any point during the applicable phases. For more information about the obligation and expenditure of these funds, see [GAO-22-105467](#).

What risks and challenges may the agency face distributing and monitoring these funds?

DOE officials anticipate potential challenges in some areas in absorbing the increased workload for distributing and monitoring these funds. Officials noted that distributing and monitoring these new funds would increase the workload of existing staff. In addition, some recipients of these funds are new to federal assistance, which could increase the administrative costs. For example, DOE officials said that more staff time is required to work with new recipients than with typical awardees because DOE may need to conduct additional education, which could delay recipients' ability to access funds. DOE officials also stated that they face resource constraints in hiring additional staff.

In addition, we previously identified technical and financial risks associated with prior DOE efforts to expedite certain financial assistance. In December 2021, we reported that when DOE expedited time frames for contract negotiations from up to 1 year to less than 3 months for carbon capture and storage demonstration projects at coal-powered electric generation facilities ([GAO-22-105111](#)), it reduced DOE's ability to identify and mitigate technical and financial risks. If DOE were to expedite negotiating the terms of the contracts for the Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending, it could increase the technical and financial risks of the projects.

Why GAO did this study

The joint explanatory statement accompanying the Consolidated Appropriations Act, 2022 includes a provision for us to review agencies' implementation of Community Project Funding/Congressionally Directed Spending. In addition to issuing this and other reports in this series, we will follow and review agencies' efforts to distribute, monitor, and audit these funds by sampling agencies and recipients and examining whether funds were spent as intended.

Agency comments

We provided the Department of Energy with a draft of this report. DOE provided technical comments, which we incorporated as appropriate.

GAO Contact

For more information, contact Frank Rusco at (202) 512-3841 or ruscof@gao.gov.

Staff Acknowledgments: David Marroni (Assistant Director), Marissa Dondoe (Analyst in Charge), Travis Cady, Ellen Fried, William Gerard, and Leigh White.

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We conducted this performance audit from March 2022 to September 2022 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Source (cover photo): [lovelyday12/stock.adobe.com](https://www.lovelyday12.com/stock.adobe.com).

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