



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.
Washington, DC 20548

July 8, 2014

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
United States House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Murphy:

Thank you for the opportunity to testify before the Subcommittee on Oversight and Investigations on Friday May 30, 2014, at the hearing entitled "Department of Energy Oversight: Status of Loan Programs." The attached enclosure contains GAO's response to the subcommittee's questions for the record. If you have questions, you may contact me on (202) 512-3841 or RuscoF@gao.gov.

Sincerely yours,

A handwritten signature in black ink that reads "Frank Rusco" with a long, sweeping horizontal line extending to the right.

Frank Rusco
Director
Natural Resources and Environment

Enclosure

The Honorable Gene Green

1. The IG Report stated that “recommendations made by the Office of Inspector General and the Government Accountability Office are statutorily requested to be tracked and implemented” whereas Independent Reviews are not. Going back to the four recommendations on which DOE has made significant progress, was there any overlap between earlier GAO recommendations and the Independent Review recommendations?

Some GAO recommendations have addressed related areas to three of the four Independent Consultant’s Review recommendations from January 2012 deemed by the IG to be complete, including providing long-term funding, filling staff positions, and establishing clear goals. In those cases, while the same general areas were touched upon, the Independent Review and GAO recommendations focused on different aspects of the programs.

In regards to long-term funding, the Independent Review recommended that DOE assure adequate funding to manage and oversee the programs on a long-term basis. In July 2008, GAO had recommended that the Loan Guarantee Program improve the full tracking of administrative costs. The two recommendations do not directly overlap, but are related in that better tracking and estimates allow for better planning and better budget requests, which are needed to obtain adequate funds.

In regards to staffing, the Independent Review recommended that DOE fill key positions in Loan Programs Office management with experienced professionals, while GAO had recommended in February 2011 that DOE accelerate efforts to engage sufficient engineering expertise in the Advanced Technology Vehicles Manufacturing (ATVM) loan program. Additionally, subsequent to the Independent Review, GAO’s May 2014 report recommended that the Loan Programs Office fully develop its organizational structure, in part, by staffing key monitoring positions. This most recent recommendation was related to staff vacancies in different levels of the Loan Programs Office’s organization than the Independent Review, as the Executive Director and Division Director positions mentioned in the Independent Review had been filled.

In regards to establishing clear goals, the Independent Review recommended DOE establish and effectively communicate clear goals for management, focused specifically on clarifying the meaning of the statutory goal of “reasonable prospect of repayment.” GAO made broader recommendations, to further develop and define performance measures to monitor program efficiency, effectiveness, and outcomes in July 2008; as well as to develop performance goals that reflect the full range of policy goals and activities of the program in July 2010. The GAO findings and recommendations focused more on achieving the goals of supporting innovative energy technology and avoiding, reducing, or sequestering greenhouse gas emissions.

In the case of the fourth complete Independent Review recommendation, engaging in long-range strategic planning, GAO did not have a related recommendation.

2. Did the Independent Review shed new light on anything GAO hadn’t already covered?

Yes, the Independent Review evaluated the riskiness of DOE’s loan portfolio and explored an alternative methodology for evaluating the portfolio, “Fair Market Value”, which were some areas GAO had not already covered.