



CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

NEWS RELEASE

FOR IMMEDIATE RELEASE
December 1, 2009

CONTACT:
Margarita Fernández
Direct Line (916) 445-0255, 343
Mobile (916) 708-2163
MargaritaF@auditor.ca.gov

California State Auditor Reports on the Energy Commission's Administration of Recovery Act Funds

***Report warns that the Energy Commission is not fully prepared to award and
monitor millions in Recovery Act Funds***

SACRAMENTO, Calif. – December 1, 2009 – Today, the California State Auditor issues its report alerting State officials that the California Energy Resources Conservation and Development Commission (Energy Commission) is not prepared to administer the \$226 million awarded to it for the Energy Program through the federal American Recovery and Reinvestment Act of 2009 (Recovery Act). The Energy Commission has been slow in developing guidelines, issuing requests for proposals, and implementing the internal controls needed to administer the Energy Program. As a result, few funds have been spent or obligated—it has only entered into contracts totaling \$40 million yet all funds must be obligated by September 30, 2010. Further, as of October 31, 2009, the Energy Commission had only spent \$71,000 which it used for administrative costs.



California's Energy Program has grown astronomically with Recovery Act funds—from \$3 million in 2008, to an expected \$226 million from Recovery Act funds. Although it began applying for these funds in March 2009, the Energy Commission does not have adequate controls in place to ensure those funds are used appropriately. “The Joint Legislative Audit Committee is concerned about California's ability to administer the large influx of federal Recovery Act funds that must be spent quickly—in particular for those departments, such as the Energy Commission, that don't typically receive such a significant amount of funds” said Elaine Howle, California's State Auditor. “We want the State to be able to fully take advantage of these federal funds, yet ensure that they are spent wisely and appropriately.” The Energy Commission needs better controls to detect fraud, waste, and abuse; develop better reporting processes; and establish adequate controls to administer the funds.

The State Auditor plans on reporting the results of our reviews of federal funded programs early in the process to communicate the areas where the state can improve its administration of Recovery Act funds or to recognize instances where such funds were spent properly. In this initial report, the State Auditor's Office warns that the State is at risk of losing millions because the Energy Commission is not yet prepared to administer the Recovery Act funding.

The California State Auditor will continue to examine ways in which the state can ensure it is maximizing federal stimulus funds. The State Auditor plans on issuing interim reports on other federal programs that are receiving Recovery Act funds in December 2009 and January 2010. Because of the State Auditor's proactive approach for overseeing Recovery Act funds, the State

Auditor was asked to participate in a federal pilot project for early reporting on audits of federal programs that receive Recovery Act funds.

###

About the California State Auditor

The California State Auditor's office leads the way in providing truthful, balanced, and unbiased information to those looking for answers. In addition to conducting investigations, the State Auditor's Office is the State's independent external auditor and provides objective and nonpartisan assessments of California government's financial and operational activities in conformance with generally accepted government auditing standards.

The State Auditor's Office is committed to providing all information in an accurate, timely, and reliable manner to assure accountability of government programs. The State Auditor and her staff recognize that the citizens and the government rely on them to serve as their eyes and ears, to ensure effective and efficient administration and management of public funds and programs. For more information contact the California State Auditor's Office at (916) 445-0255 or visit <<<http://www.auditor.ca.gov>>>.