



March 22, 2021

VIA EMAIL

The Honorable Ronald D. Kouchi
Senate President
415 South Beretania Street
Hawai'i State Capitol, Room 409
Honolulu, Hawai'i 96813

VIA EMAIL

The Honorable Scott K. Saiki
Speaker, House of Representatives
415 South Beretania Street
Hawai'i State Capitol, Room 431
Honolulu, Hawai'i 96813

Re: "Follow-Up on Recommendations from Report No. 18-01, *Audit of the Hawai'i State Energy Office*," Report No. 21-05

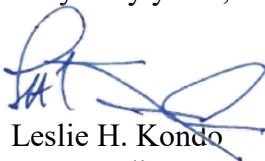
Dear President Kouchi and Speaker Saiki:

We are attaching a copy of our "Follow-Up on Recommendations from Report No. 18-01, *Audit of the Hawai'i State Energy Office*," Report No. 21-05. The audit was performed pursuant to Sections 23-4(b) and 23-7.5, Hawai'i Revised Statutes, and is a report on the Hawai'i State Energy Office's implementation of the recommendations made in Report No. 18-01, *Audit of the Hawai'i State Energy Office*, published in January 2018.

The report is accessible through our website at:
<http://files.hawaii.gov/auditor/Reports/2021/21-05.pdf>.

If you have questions about the report, please feel free to contact me.

Very truly yours,



Leslie H. Kondo
State Auditor

LHK:emo

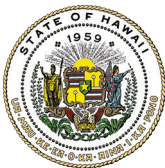
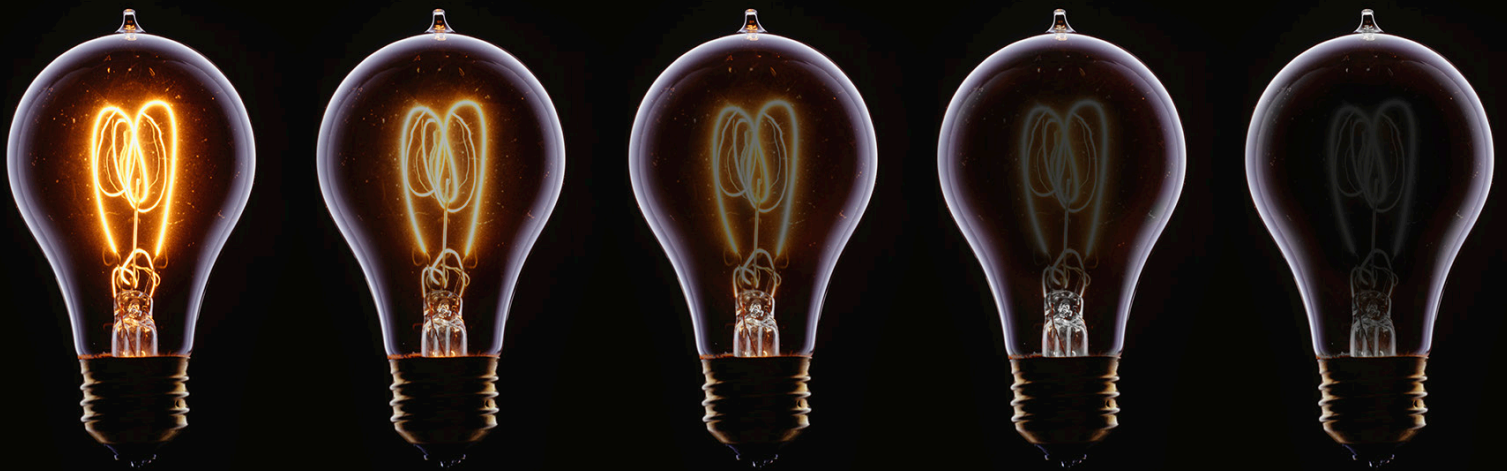
Attachment
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Senators
Representatives
Carol Taniguchi, Senate Chief Clerk
Brian Takeshita, House Chief Clerk

Follow-Up on Recommendations from Report No. 18-01, *Audit of the Hawai'i State Energy Office*

A Report to the Governor
and the Legislature of
the State of Hawai'i

Report No. 21-05
March 2021



OFFICE OF THE AUDITOR
STATE OF HAWAII



OFFICE OF THE AUDITOR STATE OF HAWAII

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Pursuant to Article VII, Section 10 of the Hawai'i State Constitution, the Office of the Auditor shall conduct post-audits of the transactions, accounts, programs and performance of all departments, offices and agencies of the State and its political subdivisions.

The Auditor's position was established to help eliminate waste and inefficiency in government, provide the Legislature with a check against the powers of the executive branch, and ensure that public funds are expended according to legislative intent.

Hawai'i Revised Statutes, Chapter 23, gives the Auditor broad powers to examine all books, records, files, papers and documents, and financial affairs of every agency. The Auditor also has the authority to summon people to produce records and answer questions under oath.

Our Mission

To improve government through independent and objective analyses.

We provide independent, objective, and meaningful answers to questions about government performance. Our aim is to hold agencies accountable for their policy implementation, program management, and expenditure of public funds.

Our Work

We conduct performance audits, which examine the efficiency and effectiveness of government programs or agencies, as well as financial audits, which attest to the fairness of financial statements of the State and its agencies.

Additionally, we perform procurement audits, sunrise analyses and sunset evaluations of proposed regulatory programs, analyses of proposals to mandate health insurance benefits, analyses of proposed special and revolving funds, analyses of existing special, revolving and trust funds, and special studies requested by the Legislature.

We report our findings and make recommendations to the governor and the Legislature to help them make informed decisions.

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<http://auditor.hawaii.gov>

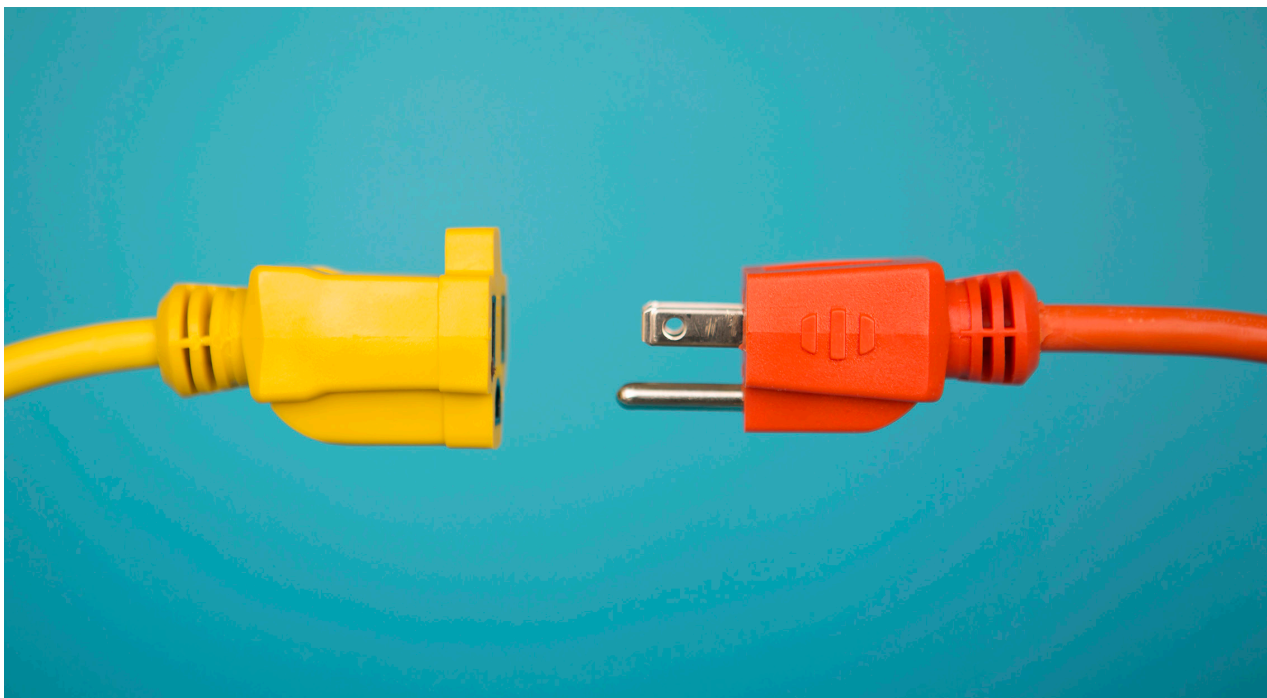


PHOTO: ISTOCK.COM

Follow-Up on Recommendations from Report No. 18-01, *Audit of the Hawai‘i State Energy Office*

Section 23-7.5, Hawai‘i Revised Statutes (HRS), requires the Auditor to report to the Legislature annually on each audit recommendation more than one year old that has not been implemented by the audited agency. This report presents the results of our follow-up on the Hawai‘i State Energy Office’s implementation of the nine audit recommendations made in Report No. 18-01, *Audit of the Hawai‘i State Energy Office*, which was published in January 2018.

The Hawai‘i State Energy Office

At the time of our audit, the mission of the Hawai‘i State Energy Office (the Energy Office) was to maximize Hawai‘i’s energy self-sufficiency and security and to guide the State toward its statutory mandate to achieve energy independence. The audit noted that, for the Energy Office, fulfilling this mission meant working toward the deployment of clean energy infrastructure and serving as a catalyst for energy innovation and test bed investments.

The Energy Office’s mission has been expanded by statute since our audit. In 2019, the Legislature passed Act 122, Session Laws of Hawai‘i 2019 (Act 122). Act 122 created a Chief Energy Officer position and

This report presents the results of our review of nine audit recommendations made to the Hawai‘i State Energy Office in Report No. 18-01, *Audit of the Hawai‘i State Energy Office*, which was published in January 2018.

appropriated general funds to support and fund the Energy Office's personnel and operating expenses. Act 122 also identified the Energy Office as "the State's primary government entity for supporting the clean energy initiative."

Why we did the 2018 Audit

Our performance audit of the Energy Office was conducted pursuant to Article VII, Section 10, of the Hawai'i State Constitution and Section 23-4, HRS. These provisions require the Auditor to conduct post-audits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the state and its political subdivisions. This was our first audit of the Energy Office.

What we found in 2018

In our 2018 audit, we reported that the majority of the Energy Office's funding was through an Energy Security Special Fund. Federal stimulus funding through the American Recovery and Reinvestment Act helped provide the means for the Energy Office to nearly double its staff from 2009 to 2012. However, the stimulus funding expired in 2012 and the Energy Office did not make sufficient staffing adjustments to lower costs. Our 2018 report revealed that expenditures consistently exceeded revenues as early as FY2014, and that the Energy Office faced an imminent financial shortfall that would significantly impact Energy Office operations in the near future. The audit found at its then-current rate of spending, the Energy Office would have substantially depleted the balance in its special fund by FY2019.

That pattern of spending in excess of revenues continued even after the publication of our audit report. In its December 2018 annual report, the Energy Office reported that its total expenditures for FY2018 exceeded its total revenues by over \$266,000. The same pattern of spending in excess of revenues was projected by the Energy Office to continue into future years. The 2018 annual report projected that in FY2019, the Energy Office's total expenditures would exceed its total revenues by over \$700,000. An update provided to us by the Energy Office in January 2020 contained a financial plan for the Energy Security Special Fund dated January 29, 2019. The plan projected successively diminishing end-of-year balances in the Energy Security Special Fund for the fiscal years 2020, 2021, 2022, and 2023. The financial plan projected a pattern of Energy Office spending in excess of revenues for each of those fiscal years in an amount averaging \$320,000.

We also found that the Energy Office's strategic plan had been drafted in 2012, after the Office had rapidly expanded operations and while it

was still expending a temporary infusion of federal stimulus moneys, making goals and targets in the plan unrealistic. Updates in 2014 and 2016 were likewise unrealistic. The audit also found the Energy Office did not thoroughly document its work and how it managed its resources. The lack of adequate documentation made it difficult to assess how effectively the Energy Office was accomplishing its mission or how efficiently it was spending public money; without adequate documentation the Energy Office could not demonstrate it was effective as an agency and working efficiently, responsibly, and in a manner accountable to the Legislature and the public.

Further, our 2018 report stressed that the Energy Office's specific contributions to advancing the State's clean energy initiatives were unclear. The Energy Office could not clearly articulate—either verbally or through any documented evidence—how it had contributed to the achievement of the Hawai'i Clean Energy Initiative goals. As a result, it was difficult to determine how much, if any, of the State's progress toward its energy goals could be attributed to the efforts of the Energy Office.

While the State may have made progress toward its clean energy goals, we could not determine how much of that progress was caused by the Energy Office's programs or projects or could even be reasonably attributed to them. We were unable to find a causal connection between the Energy Office's programs and various statewide energy achievements. We concluded that the Energy Office did not include these causal relationships in its annual reports to the Legislature because the Energy Office had not clearly established them in the first place. We noted inadequate project reporting and project documentation as a reason why the Energy Office was unable to establish causal relationships.

Our audit report made nine recommendations relating to the Energy Office's continued financial path, its lack of an updated strategic plan, its lack of project management and reporting processes, and inadequate documentation of project effectiveness.

To determine the current status of the audit's recommendations, we found that the Energy Office implemented **one** of the recommendations and partially implemented **six** of the recommendations. In addition, we found that the Energy Office has not implemented **two** of the recommendations because circumstances changed in a way that make the recommendations no longer applicable.

In our 2018 audit report, we characterized the Energy Office as “an organization at a crossroads.” We noted that the Energy Office lacked the funding to continue its current level of operations, could not clearly articulate how its efforts had contributed to its stated mandate, and had no plans for aligning and re-sizing its operations to match its broad responsibilities and current fiscal realities.

In conducting the follow-up to our 2018 audit report, we found the Energy Office remains at a crossroads. Act 122 (passed in 2019 and described more fully in the following section) has paved the way for a more effective and more efficient Energy Office, with a more stable source of funding and a clearer mission. But whether that ultimately means a brighter future for the Energy Office depends on whether it rises to the challenges and opportunities created by Act 122.

A note on the scope of our follow-up

Between our 2018 report and this follow-up, the Legislature passed Act 122, effective July 1, 2019. Act 122 put the Energy Office “under new management” by creating the position of Chief Energy Officer and significantly restructuring and repurposing the agency. Act 122 additionally appropriated moneys for operating expenses from the State's general fund. It also provided an explicit statutory mission for the Energy Office. Under Act 122, the Energy Office now is “the State's primary government entity for supporting the clean energy initiative.” HRS Section 196-71(c). Further, Act 122 provided the Energy Office with an enabling statute, a clearer mission, formal guidance, and transparent reporting requirements that are both more detailed and more comprehensive than its former reporting requirements. The Energy Office was also given detailed (and updated) explicit legislative directives. HRS Section 196-71(b)(1)-(4); HRS Section 196-72(d)(1)-(19).

We concluded in Report No. 18-01 “that the Energy Office needs to better define its mission, role, and priorities within the State's energy independence effort.” Act 122 addressed several deficiencies we had identified in the report and makes for the possibility of significant improvements in the Energy Office's performance.

Although the funding aspects of Act 122 touch on the implementation status of our first two audit recommendations, this follow-up assesses only the implementation status of the recommendations we made in Report No. 18-01, not all the potential effects of Act 122. Our focus here is on the extent to which the Energy Office implemented the recommendations included in our original report, as well as how Act 122 may have affected the first two.

What we found in 2020

As noted above, Act 122 provided a general fund appropriation for the Energy Office thereby alleviating concerns about the sustainability of continued special funding. That prior, unsustainable path combined flat or declining revenues, uniformly high costs,¹ and expenditures consistently in excess of revenues. This combination resulted in sharply declining ending balances in the Energy Office's special fund. In our 2018 report, we projected that at its then-current rate of spending, the Energy Office would substantially deplete its special fund by FY2019.

Our 2018 report also drew attention to the Energy Office's need to update its strategic plan, and that concern is only heightened by the expansion of the Energy Office's mission and responsibilities under Act 122. We recommended that the Energy Office develop and implement robust project management and reporting processes in six specific ways. As we emphasized in 2018, unless the Energy Office adequately documented its work as well as how it managed its resources, it could not demonstrate its effectiveness. If the Energy Office cannot show it is effective, it cannot show it is achieving its purpose and is accountable for its funding. Those six recommendations remain relevant today, even in the wake of Act 122. They take on greater significance in light of the Energy Office's new and expanded mission as the primary government entity supporting the State's clean energy initiative.

Our follow-up on the Energy Office's implementation of recommendations made in Report No. 18-01, conducted between December 2019 and March 2020, included inquiring with select personnel, examining relevant documents and records, and evaluating whether the Energy Office addressed our recommendations. We found that the Energy Office has fully implemented one of the recommendations and partially implemented six of the recommendations. In addition, we found that the Energy Office has not implemented two of the recommendations because circumstances have changed in a way that makes the recommendations no longer applicable.

¹ At the time of our audit, the Energy Office's personnel costs accounted for more than 90% of the Office's expenses.

Definition of Terms

WE DEEM recommendations:

Implemented

where the department or agency provided sufficient and appropriate evidence to support all elements of the recommendation;

Partially Implemented

where some evidence was provided but not all elements of the recommendation were addressed;

Not Implemented

where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided;

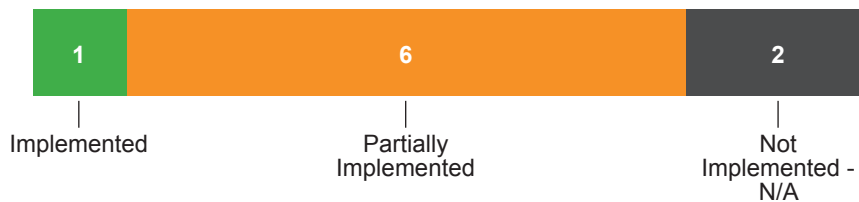
Not Implemented - N/A

where circumstances changed to make a recommendation not applicable; and

Not Implemented - Disagree

where the department or agency disagreed with the recommendation, did not intend to implement, and no further action will be reported.

Exhibit 1 Audit Recommendations by Status



Source: Office of the Auditor

Recommendations and their status

Follow-up was limited to reviewing and reporting on the implementation of our audit recommendations.

Recommendation 1a

The Energy Office should *establish short-term and long-term financial plans to ensure sustainability.*

Not Implemented - N/A

Comments

Our first recommendation addressed what we called the Energy Office’s “imminent financial shortfall.” That shortfall threatened to significantly impact Energy Office operations, and the report noted the Energy Office should establish short-term and long-term financial plans to ensure sustainability while at the same time reducing operating expenses to a sustainable level.

The Energy Office assured us in February 2019 that its short-term and long-term financial plans showed the Energy Office was “sustained and fully operational through FY2023, after which funding for operations must be reevaluated.” We did not assess that claim in depth. First, it is doubtful whether a financial plan extending only four years into the future—based on a special fund with projected steadily declining balances for each of those years—really “ensure[d] sustainability” for the Energy Office or even qualified as a “long-term” financial plan. (According to the Government Finance Officers Association, the time horizon for a long-term financial plan “looks at least five to ten years into the future.”) Second, the Energy Office’s financial plans as of February 2019 were obviated less than six months later when Act 122 transitioned the funding for the Energy Office’s personnel and operations to the State’s general fund in fiscal year 2020.

Therefore, we classify the implementation status of this recommendation as “not implemented because circumstances changed to make the recommendation no longer applicable.” Nonetheless, although the Energy Office no longer suffers from the “imminent financial shortfall” that gave rise to this recommendation in our 2018 audit, we emphasize the importance of developing short-term and long-term financial plans to ensure the Office’s continued financial sustainability into the future. Without the dedicated funding source of the Energy Security Special Fund, the Office’s annual budget may be subject to greater scrutiny and potential adjustments to that budget as the Legislature considers the multitude of requests for general funds.

Recommendation 1b

The Energy Office should *reduce operating expenses to a sustainable level.*

Not Implemented - N/A

Comments

According to the Energy Office in February 2019, after our audit, the Energy Office had “made reductions to personnel and other operating expenses to a more sustainable level,” namely, a level at which the Energy Office “would be sustained and fully operational through FY2023, after which funding for operations must be reevaluated.” The Energy Office reduced its operating expenses but still expected the near-depletion of its special fund to occur four years later than expected in our audit.

Once again, we need not determine whether those reductions amounted to “a sustainable level” of operating expenses, as we recommended. Nor need we decide whether what the Energy Office characterized as its achievement of “a more sustainable” level of expenses partially implements the “sustainable level” we recommended. Those determinations have been obviated by the intervening enactment of Act 122. Act 122 means that more than 90% of the Energy Office’s expenses (as of our 2018 audit report) are now funded by the State’s general fund. As with recommendation 1a, it appears the Energy Office has reached the goal of recommendation 1b by means other than those envisioned by the recommendation because of an intervening change in circumstances. Accordingly, we classify the implementation status of this recommendation as “not implemented because circumstances changed to make the recommendation no longer applicable.”

Recommendation 1c

The Energy Office should *immediately update its strategic plan.*

Implemented

Comments

In December 2018, the Energy Office released the Hawai'i State Energy Office Strategic Plan. In April 2019, the Energy Office released an updated version of the plan. We reviewed both documents and verified that both satisfy the recommendation for an updated version of the Energy Office’s strategic plan. However, we note that Act 122 expanded the Energy Office’s mission and enlarged the set of statutory mandates and directives with which the Energy Office must comply. (See HRS Section 196-71(b)(1)-(4); HRS Section 196-72(d)(1)-(19).) For that reason, the Energy Office may need to update its strategic plan to reflect the new mission and mandates brought about by Act 122.

Recommendation 2a

The Energy Office should also develop and implement robust project management and reporting processes by *documenting the justification for initiation of each project, measurable goals, budget and staffing requirements, implementation and execution strategies, and project schedule.*

Partially Implemented

Comments

Recommendation 2a focused on developing and implementing processes and procedures at the project initiation stage and the need for detailed documentation. Adequate and accurate documentation, in particular, is an important—even foundational—element in agency processes. Moreover, without adequate documentation the public’s ability to scrutinize government and to hold government accountable is hindered.

To determine the implementation of this recommendation, we reviewed the “project initiation forms” for the nine projects the Energy Office initiated after the adoption of project management processes and procedures in 2019. We examined each form for the elements required by this recommendation, including the various categories or rubrics the Energy Office’s project initiation forms appear to use for “measurable goals.”

All nine project initiation forms contained a “justification.” Project initiation forms include the instruction, “complete each section as thoroughly as possible.” Some projects offered detailed justifications in their initiation forms, while others articulated their justification in more general terms. Three used language in the justification field to the effect that the project’s objectives “align with Hawaii’s clean energy goals.”² With minor exceptions, the project initiation forms contained budget and staffing requirements and a project schedule or timeline.

In addition, project initiation forms varied as to entries for “anticipated outcomes and deliverables,” “major output,” “measures of success,” and “expected consequences of the project”—rubrics the Energy Office’s project initiation forms use to describe the project and to articulate the justification for initiating each project. For example, two project initiation forms make no mention at all of any of the four rubrics, another mentions only one, and only five of nine forms have entries under the heading “anticipated outcomes and deliverables.”

² It is true that Act 122 speaks in broad terms, for example, of ensuring that state energy policies and regulations “align with the state strategic goals.” HRS Section 196-72(d) (13). But, at least ideally, justifications for Energy Office project initiations should be formulated where possible in concrete and specific, as opposed to abstract and nebulous, terms. That a project “aligns” with goals would appear to be a necessary but generally not sufficient justification for the project.

As a result, we determined that while the Energy Office has made significant and meaningful progress toward implementing this recommendation, it has not provided sufficient and appropriate evidence that it has fully implemented all elements of the recommendation.

Recommendation 2b

The Energy Office should also develop and implement robust project management and reporting processes by *establishing performance measures for all programs and activities*.

Partially Implemented

Comments

Performance measures matter because, among other things, they permit expected performance to be compared with actual results. They make it possible for the Legislature and the public to determine whether an agency's purposes are being accomplished economically and efficiently.

The Energy Office claims to have implemented Recommendation 2b at all phases of the project process by developing its project management processes and procedures. While the Energy Office has made progress concerning this recommendation, the recommendation itself calls for the development *and implementation* of robust project management and reporting processes through establishing performance measures. As we found in our follow-up for Recommendation 2a, the Energy Office has not fully succeeded in consistently implementing a requirement of articulated, measurable goals at the project initiation stage.

While the Energy Office's strategic plan makes a sustained effort to address the need for performance measures, some of those "performance measures" or "key performance indicators" include multiple aggregate quantities that would not be specifically attributable to Energy Office programs and policies. In addition, "performance measures for all programs and activities" cannot be deemed fully established or fully implemented if they are not consistently reflected at the project level.

For example, the project initiation forms for two of the nine projects initiated since the Energy Office adopted its project management processes and procedures lacked any mention of "major outputs," "measures of success," "expected consequences of the project," or "anticipated outcomes and deliverables," and one project initiation form mentioned only one. These phrases represent three of the five categories listed as "examples of what should be provided" in the

“Justification” field according to the Energy Office’s own model Project Initiation Form, as well as one of the categories listed as “examples of what should be provided” in the “Project Description” field. In general, the absence of these categories in multiple project initiation forms suggests that the Energy Office’s effort to establish performance measures “for all programs and activities” is not yet fully implemented.

The Energy Office provided evidence to support elements of the recommendation, but not all elements of the recommendation were addressed. However, the evidence it did provide demonstrates meaningful movement toward implementation. Therefore, we conclude that the Energy Office partially implemented this recommendation.

Recommendation 2c

The Energy Office should also develop and implement robust project management and reporting processes by *monitoring the progress and status of programs and activities.*

Partially Implemented

Comments

Following the 2018 audit, the Energy Office instituted procedures for monitoring projects. The “monitoring and controlling” page of the Energy Office’s project management and procedures specifies the following processes: reporting, scoping, measuring the quality of deliverables, schedule, cost, and risk. The Energy Office provided us with project monitoring sheets for four out of eight active projects. However, the sheets did not consistently include reporting, scoping, measuring the quality of deliverables, schedule, cost, and risk information. For that reason, we conclude that the Energy Office has partially implemented this recommendation.

Recommendation 2d

The Energy Office should also develop and implement robust project management and reporting processes by *ensuring an analysis of achievements and impacts on the State’s clean energy goals upon project completion.*

Partially Implemented

Comments

Under the Energy Office’s project processes and procedures, the closing phase of a project should contain a project review to assess whether project goals were met. Only one project conducted pursuant to the

project management and reporting processes adopted by the Energy Office in February 2019 had been completed during the period of our follow-up—a small-scale educational project involving a 2-day seminar for 240 middle and high school students.

The Energy Office provided sufficient evidence for us to conclude that it partially implemented this recommendation. First, the Energy Office adopted processes and procedures that mandate a project closing phase, including project review, that make possible the kind of analysis required by the recommendation. Second, the Energy Office implemented the recommendation for the one project initiated in 2019 that also closed in the period of our follow-up. The “project closing form” for that project includes content under the rubrics “purpose review,” “deliverables review,” and “success criteria review.”

Because none of the other eight projects initiated in 2019 have yet reached the closing phase, it is premature to classify the recommendation as fully implemented. Rather, the Energy Office provided sufficient evidence of meaningful movement toward implementation, and therefore we conclude that the Energy Office has partially implemented this recommendation.

Recommendation 2e

The Energy Office should also develop and implement robust project management and reporting processes by reporting the resultant achievements and impacts in its annual and Act 73 reports clearly and concisely, so that the Legislature and public can evaluate the Office's progress towards its goals.

Partially Implemented

Comments

The context for recommendation 2e was a conclusion reached in our audit that the Energy Office could not determine and report the specific contributions its projects made to Hawai'i's overall progress toward its clean energy goals.

Act 73, Session Laws of Hawai'i 2010, requires the Department of Business, Economic Development and Tourism (DBEDT) to submit an annual report to the Legislature on the status and progress of new and existing programs funded by the Energy Security Special Fund and all clean energy initiatives.³ In our 2018 report, we found that the information presented in the Energy Office's Act 73 reports does

³ The Energy Office is an office within DBEDT.

not appear to satisfy that requirement. Act 73 also mandates that the annual report include, among other things, “specific objectives of the program, and program expenditures, including measurable outcomes.”

The measurable outcomes required by Act 73 need to be specifically attributable to the Energy Office’s efforts – at least as much as is practicable – not aggregate outcomes in which it is impossible to determine which specific portion of the outcome can be reasonably attributed to the Energy Office. Act 73 requires reporting on aggregate program expenditures and on measurable outcomes, as well as some effort to link expenditures to measurable outcomes.

While the Energy Office’s 2019 annual report provides some measurable outcomes (such as the number of page visits to its various web-based programs), the measurable outcomes are not themselves linked in any way to the specific amounts of expenditures used in bringing about the outcomes. Instead, expenditures are reported only in four broad and undifferentiated categories: Energy Office Operations, Renewable Portfolio Standards Program Support, Energy Efficiency Portfolio Standards Program Support, and Education and Outreach, without any further breakdown.

As much as possible, “resultant achievements and impacts” need to be reported clearly and concisely and should be in some way causally attributable to the agency’s work. In addition, without some kind of link connecting specific objectives of an Energy Office program to the specific amounts of money expended in bringing about program objectives and measurable outcomes, the Legislature and public cannot effectively evaluate the Energy Office’s progress toward its goals. We note, finally, that although they are beyond the scope of this follow-up, the additional reporting requirements imposed on the Energy Office by Act 122 would also appear to support effective public and legislative evaluation of the Energy Office’s progress toward its goals.

Nonetheless, the Energy Office made some effort to report achievements and impacts in measurable outcomes in its 2019 annual report; it therefore provided some evidence of movement toward the implementation of Recommendation 2e. For that reason, we conclude that the recommendation has been partially implemented.

Recommendation 2f

The Energy Office should also develop and implement robust project management and reporting processes by *establishing written policies and procedures that all program staff are required to follow.*

Partially Implemented

Comments

We asked the Energy Office to provide documentation that instructs all staff to follow project management processes and procedures. We also asked for documentation or evidence that program staff consistently follow such instructions. The Energy Office did provide documentation that as soon as the Energy Office adopted its revised project management processes and procedures, staff were alerted by email and instructed that the changes were effective immediately. However, it could not provide us with any documentation concerning staff training on these new processes and procedures. Therefore, we conclude that the Energy Office has partially implemented Recommendation 2f.

Conclusion

Although Act 122 addressed the finding in our 2018 audit that, at its then-rate of spending, the Energy Office's main source of funding would soon be depleted, rendering recommendations related to that finding no longer applicable, we believe certain fundamental principles remain relevant. The Energy Office must still thoroughly document its work and how it manages its resources, and it must still clearly articulate and adequately document the expected contributions of each of its projects and activities to the State's clean energy goals. Similarly, the Energy Office must be accountable for its expenditures, regardless of whether the funding comes from a special fund or from the State's general fund.

It is not enough for the Energy Office to fold its contributions into aggregate figures that do not allow the Legislature or the public to break down the Energy Office's specific contributions and then relate those contributions to the Energy Office's expenditures. The Legislature, as well as the public, have to be capable of determining how much – if any – of that progress can be attributed to the Energy Office's efforts. While the fact that a proposed project will “align with” or “contribute to” the State's energy goals is better than the alternative, such measures fall far short of the specificity required for the Legislature and the public to be able to hold State agencies accountable for their use of public funds.