



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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ENERGY AND MINERALS
DIVISION

B-178205

MAY 18, 1979

The Honorable James R. Schlesinger
The Secretary of Energy *AGC 00912*

Dear Mr. Secretary:

Since mid-January 1979, we have been surveying the organization, management, and activities of the Department of Energy's (DOE's) Office of the Assistant Secretary for Conservation and Solar Applications (CS). Our survey will be continuing; at this time, however, we are bringing certain matters to your attention which we believe warrant immediate top-management action. Specifically, we are concerned with the slowness in which

- the organizational structure for the Assistant Secretary's Office is being developed,
- positions are being staffed, and
- a management system is being implemented to carry out conservation programs.

We believe that DOE has not placed adequate emphasis on accomplishing these tasks and recommend that immediate action be taken to finalize the organization and complete the management system of the Assistant Secretary's Office.

We have issued numerous reports over the past years dealing with the Nation's conservation efforts. In our February 13, 1979, letter (EMD-79-34) to the chairmen of energy-related congressional committees and subcommittees we highlighted the problems that exist in Federal energy conservation programs. The delays in establishing a CS organization and in developing a management system have, no doubt, contributed to many of these problems. We believe that DOE's ability to plan and implement energy conservation



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programs and to fully capitalize on potential energy savings through conservation will continue to be hampered until a viable conservation organization is institutionalized in the Department.

SLOWNESS IN DEVELOPING THE ORGANIZATIONAL STRUCTURE

As of May 4, 1979--one and a half years after DOE was established--a complete CS organizational structure had not been approved. The delays in confirming the Assistant Secretary's nomination no doubt adversely affected efforts to shape the CS organizational structure. Although DOE was established on October 1, 1977, the Assistant Secretary was not confirmed until July 26, 1978--almost a year afterwards. Meanwhile an Acting Assistant Secretary carried out the duties of this position. An interim CS organizational structure was approved during this timeframe, but it was used for only 3 months--from June 21, 1978 to September 21, 1978.

According to information we have been provided, the first official organizational structure for the CS organization was approved on December 28, 1978, and subsequently announced on January 10, 1979. However, this structure depicted only the top level offices in the CS organization. At the beginning of our survey, we were told that organizational structures with associated mission and function statements for each CS office were to be developed by February 28, 1979.

The February 28, 1979, goal was not met. As of April 4, 1979--over 1 month later than the original goal--only 3 of the 10 CS Offices had approved organizational structures (with associated mission and function statements). However, proposals for six other offices had been approved by the Assistant Secretary and forwarded to DOE's Office of Administration for approval. The organizational proposal for the one remaining CS organization--the Office of Solar Applications--had not been submitted to higher DOE levels for approval. We were told the proposal was being held so that the soon-to-be-named Director for the office could have an opportunity to review the proposal before it was forwarded for approval.

CS officials predicted that a complete organizational structure, including mission and function statements, for the entire Conservation and Solar Applications organization

would be approved by the end of April. However, as of May 4, 1979, this major management action had not been completed.

STAFFING IS INCOMPLETE

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A keystone event in staffing an organization is the timely selection of personnel to fill top management positions. We found that CS has been slow in naming personnel to fill key positions. When the Assistant Secretary announced the CS organization in January 1979, permanent directors were named to head 4 of the 13 key Offices in the organization. As of April 4, 1979, three more key positions had been filled bringing the total up to seven. Paperwork was being processed on personnel selected to fill two additional key positions, however, no decisions had been made on personnel to fill the remaining four key positions. CS officials said that final selections would probably be made for these positions by the end of April 1979. By May 4, 1979, personnel had been named to fill two of the four remaining positions, however, no decision had been made on the final two positions.

Besides being behind in filling top management positions, CS is also behind in staffing other positions in the organization. CS's authorized personnel strength is 477; yet, as of early April 1979, the on-board strength was only about 365--25 percent less than authorized. It is significant to note that CS's on-board strength has changed little since CS was established in October 1977. Officials stated that they have been unable to increase the personnel strength because

--there has not been an approved organizational plan by which positions can be described, classified, and advertised, and

--a Federal hiring freeze was in effect between October 1978 and February 1979.

The hiring freeze has now been lifted, and CS hopes to have an approved organizational structure in the very near future. These actions should pave the way for managers to prepare job descriptions, have jobs classified, and recruit personnel to fill the approximate 110 vacant CS positions.

In addition to accomplishing the tasks necessary to fill the above positions, CS must also prepare job descriptions and classify the positions occupied by its current 365 employees. We were told that a DOE-wide goal is to have all DOE positions occupied by permanent personnel classified by June 30, 1979. CS officials told us that about 50 percent of CS's positions are already classified. This leaves approximately 180 positions to be classified during the next 2 months.

CS officials were uncertain as to when the above two tasks would be accomplished. One official estimated that the earliest that all 477 CS positions could be classified and filled would be September 30, 1979. Yet this estimate was caveated as being an optimistic goal. Accomplishing this task, we were told, would be highly dependent on many variables--some of which are outside the control of the CS organization. According to CS officials priority support from higher level DOE officials would be essential to completing these tasks in a timely manner.

LACK OF A MANAGEMENT SYSTEM

We have noted that no overall management system exists in the CS organization. For example we have found no overall system for planning, no system of reports, and only the beginning of a system for monitoring projects. We found that the major CS organizations have been managing their activities with the management systems they either brought with them from their predecessor organizations or have developed on their own initiatives.

For example, we found that budget and policy-planning guidance passed down from the Assistant Secretary's Office to the major CS organizations appears to have been essentially unchanged from the guidance received from higher levels in DOE. The amplification of higher level guidance to specific conservation programs and goals has been lacking perhaps because there has been no strong policy office at the Assistant Secretary level. We noted that the organizational structure and functions of the Assistant Secretary's office of Policy, Planning, and Evaluation had not been approved as of April 4, 1979. On April 19, 1979 the Assistant Secretary did promulgate guidance for preparing the fiscal year 1981 budget. This is the most detailed guidance that has been provided since CS was established.

Furthermore, we found that CS managers have not placed adequate emphasis on long-range planning. For example, we found that no strategic planning documents had been developed at the Assistant Secretary level to guide CS office Directors in their long-range program planning. A CS overview document was developed in September 1978 which relates CS programs to the energy outlook and the possible impact of CS programs on energy demand. This document gives perspective to CS programs however, in our opinion, it is not a strategic planning document.

We also asked about long-range planning documents in the three major CS program offices we have surveyed to date. We found that one office had a 5-year plan, one had an out-dated 5 year plan, and one had no plan at all.

Multiyear planning is important and has been singled out by the Administration as a requirement of all Federal agencies. OMB Bulletin 78-7, dated January 16, 1978, promulgates guidance for each agency to develop a multiyear planning system focusing on the 3 years following the budget year. CS Office Directors were instructed by the Acting Assistant Secretary on February 17, 1978, to begin preparing multiyear plans for their program areas. Our survey indicates that little has been done to accomplish this task. CS officials told us that on March 30, 1979, CS Office Directors were again instructed to prepare multiyear plans.

We also noted the absence of a uniform system for selecting projects to be funded by CS program organizations. In the three organizations we have surveyed, we found two organizations using analytical computer models to assist them in selecting projects. Both organizations have ongoing efforts to improve their respective systems. The third group we surveyed told us project proposals submitted to their organization were evaluated for them by the National Bureau of Standards. They commented that the type of activity they were involved in limited the number of private participants in their programs, therefore, there was no need for sophisticated analytical assistance in selecting projects.

We did not evaluate the merits of the systems being used to select projects. However, we do question the need for individual offices to develop separate systems. It would seem that one system could be developed to meet the needs of the three offices we have thus far surveyed.

We discussed our observations regarding the lack of a management system with CS officials and were advised that CS is in the process of developing a management system. The system, to be implemented by September 1979, will consist of long-range plans and annual operating plans for each program office in CS. All the plans will be tied to the line items in the conservation budget. We believe this is a good first step in institutionalizing a management system in CS. The current plan, however, does not define a system of recurring reports and management documents necessary for day-to-day management nor does it adequately address a monitoring and control system being developed by CS to track its progress toward achieving major legislative and organizational milestones. CS officials told us that a system of management documents is contemplated as the system is developed and the system will be linked to CS's monitoring and control system.

CONCLUSIONS

In our opinion, DOE has not given adequate emphasis and attention to the timely organization, staffing, and management of the Office of the Assistant Secretary for Conservation and Solar Applications. We believe that this organization should have been singled out early and given priority management attention inasmuch as energy conservation is the cited cornerstone of the Administration's National Energy Plan.

The impact of the slow start is difficult to measure at the present time. We have previously reported on problems encountered by DOE in managing Federal energy programs. In addition DOE has already slipped in meeting major conservation provisions in the recently passed National Energy Conservation Policy Act (Public Law 95-619). For example, of 18 major milestones related to the act that were to be accomplished by March 2, 1979, only one was accomplished on time.

The delay in confirming the Assistant Secretary surely has had an adverse effect on organizing CS. We believe, however, that the delay could have been avoided by top management action--especially at the Under Secretary level. As you are aware, Section 202 of the DOE Organization Act (Public Law 95-91) provides that the Under Secretary shall bear primary responsibility for energy conservation. In

our opinion, initiating the development of an organizational structure and a management system for CS should not have been entirely dependent upon the confirmation of the Assistant Secretary. }

RECOMMENDATIONS

We recommended that you direct the Under Secretary, the Director for Administration, and the Assistant Secretary for Conservation and Solar Applications to give priority attention to

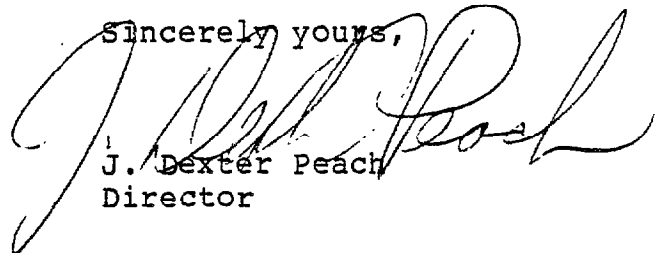
- finalizing the organizational structure of the Office of the Assistant Secretary for Conservation and Solar Applications,
- classifying and staffing the positions in the Assistant Secretary's Office, and
- developing a management system to manage the Office's programs. *incl. long range*

We have informally discussed the contents of this letter with CS officials and have included their comments as appropriate. They were in general agreement with our findings and conclusions.

As you know, Section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the four committees mentioned above and to the Chairmen of energy-related congressional committees. We are also sending copies to the Director, Office of Management and Budget.

Sincerely yours,



J. Dexter Peach
Director