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INSPECTOR GENERAL

The Commonwealth of Massachusetts
Office of the Inspector General

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March 10, 2011

The Honorable William M. Manzi, III
Mayor
City of Methuen
Searles Building
41 Pleasant Street
Methuen, MA 01844

Dear Mayor Manzi:

As you know, the Massachusetts Office of the Inspector General (OIG) requested to review the City of Methuen's (City) receipt of a \$179,200 Energy Efficiency and Conservation Block Grant (EECBG) from the United States Department of Energy (DOE) under the American Recovery and Reinvestment Act (ARRA). The City requested grant funds for an energy audit and for the acquisition of energy conservation measures.¹

The OIG is reviewing ARRA-related grants to identify potential vulnerabilities to fraud, waste, and abuse and other risks that could negatively impact the accountability, transparency, and anti-fraud mandates contained in the statutory language and interpretive guidance of ARRA. This review should not be construed as an investigation of the program or a comprehensive programmatic review. The OIG intends these reviews to assist recipients of ARRA funding identify and address risks.

In response to a document request, the City provided the OIG with EECBG grant expenditure information. At the time of our review the City had only expended \$2,143 in grant funds for an energy audit to be performed by the City's utility provider, National Grid. The City informed the OIG that it had not yet started the procurement process for the energy conservation measures stipulated under this grant. The City stated its

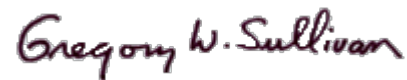
¹ M.G.L. c.25A defines "energy conservation measures" as "measures involving modifications of maintenance and operating procedures of a building or facility and installations therein, which are designed to reduce energy consumption in such building or facility, or the installation, modification of an installation in a building or facility which is primarily intended to reduce energy consumption."

intention to issue a Request for Proposal (RFP) for energy conservation measures shortly after National Grid completes its energy audit.

As the procurement is still in process, the OIG has deferred its review. However, the OIG would like to take this opportunity to remind the City that under this grant it must follow applicable procurement law throughout this process, such as M.G.L. c.149, c.30B and/or c.25A. Additionally, the City must accurately report project information and status updates to appropriate authorities and must follow all applicable requirements of the ARRA legislation including, but not limited to the use of prevailing wages and reporting to recovery.gov. For additional information please consult the following resources: the Operational Services Division's ARRA Procurement Posting Policy FAQs (http://www.mass.gov/Eoaf/docs/osd/policy/arra_faq.doc), and the DOE's EECBG Guidance Notices (http://www1.eere.energy.gov/wip/guidance.html#a_eecbg).

I appreciate your cooperation in this review of ARRA funding. Please do not hesitate to contact my office with any questions or concerns you may have regarding this review.

Sincerely,

A handwritten signature in dark ink, reading "Gregory W. Sullivan". The signature is written in a cursive, flowing style.

Gregory W. Sullivan
Inspector General