




**The Under Secretary of Energy**  
Washington, DC 20585

June 23, 2006

MEMORANDUM FOR DISTRIBUTION

FROM: DAVID K. GARMAN 

SUBJECT: Project Management Expectations for Financial Assistance Activities

The research and development activities conducted through financial assistance awards; specifically grants, cooperative agreements, and Technology Investment Agreements are important elements of our portfolio. In fiscal year 2005 alone, the Department of Energy (DOE) funded \$1.7 billion of new financial assistance awards, with a total value of \$2.6 billion, when private sector cost share is added.

Given the size and importance of these investments, we commissioned a team of individuals from our respective offices and the Office of Management to develop a framework for the application of the principles of project management to financial assistance awards. The major elements of that framework are presented in Attachment 1, and are consistent with DOE Order 413.3, *Program and Project Management for the Acquisition of Capital Assets*.

I expect that managing our financial assistance practices to this framework will allow us to do the following:

- Demonstrate that our financial assistance award and administration practices are based upon sound project management principles;
- Segregate projects by risk and provide management input to these projects at the appropriate organizational level; and,
- Improve management of those financial assistance projects that, by virtue of their unique attributes, require affirmative review by DOE Executive Management to ensure the achievement of the project's goals.

To implement the framework, each Program Secretarial Office (PSO) is required to assess its financial assistance award and administration practices against the Project Management Principles described in Attachment 1 and report those practices to me by August 18, 2006. I anticipate that current management practices will generally conform with these principles. However, in the event that a PSO cannot demonstrate that its practices are consistent with these principles, the PSO will document to this office what actions it is taking to fulfill this requirement. In addition, all fiscal year 2006 and 2007 Funding Opportunity

Announcements that result in initial awards in 2007, and all other initial 2007 awards will be coordinated with DOE senior management in accordance with the thresholds outlined in Attachment 1.

Secretary Bodman has repeatedly challenged DOE management to improve DOE's management systems and capabilities to better serve DOE's mission needs. I believe that adopting these principles will help ensure sound project management and management awareness in this key portion of our research and development portfolio.

Attachment

**DISTRIBUTION:**

James A. Rispoli, Assistant Secretary for Environmental Management  
Alexander A. Karsner, Assistant Secretary for Energy Efficiency and Renewable Energy  
Jeffrey D. Jarrett, Assistant Secretary for Fossil Energy  
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National Energy Technology Laboratory  
National Renewable Energy Laboratory  
Oak Ridge National Laboratory  
Office of River Protection  
Pacific Northwest National Laboratory  
Portsmouth Paducah Project Office  
Richland Operations Office  
Rocky Flats  
Sandia National Laboratories  
Savannah River Operations Office  
Yucca Mountain Site Operations Office

## **Attachment 1**

### **Project Management Framework for Financial Assistance Awards in the Office of the Under Secretary**

The following framework is to be used by Program Secretarial Officers (PSOs) to plan and administer all initial financial assistance awards beginning in fiscal year 2007.

#### **Project Management Principles**

Project management principles, which are consistent with DOE O 413.3, are as follows:

- Mission need must be defined and approved by the appropriate management official;
- A range of alternatives to meet the mission need must be considered, developed, and evaluated;
- Project objectives must be defined up front and be used to judge project success;
- Project performance risks (technical, financial, and otherwise) must be identified and mitigated in an implementation strategy;
- Projects must be managed by qualified individuals;
- Scope, schedule, and budget must be established for each project and serve as the basis for project management; and,
- Projects must be managed and reported against the established scope, schedule, and budget.

These project management principles apply to all financial assistance awards (grants, cooperative agreements, and Technology Investment Agreements), regardless of their size or complexity.

#### **Thresholds for Managing Financial Assistance Projects**

Financial assistance projects will be segregated by the following financial thresholds. These thresholds determine the organizational level at which projects will be managed and reviewed. The following thresholds represent the DOE share only and are meant as general review levels. Funding Opportunity Announcements and Awards that have high visibility, high risk or other unique attributes may be subject to senior management review without regard to these thresholds.

<b>Financial Assistance Thresholds for DOE Management Review (DOE Share)</b>				
	<b>Field</b>	<b>PSO</b>	<b>Under Secretary</b>	<b>Deputy Secretary</b>
Funding Opportunity Announcements (aggregate value of expected awards)		<\$100 million	\$100-\$400 million	>\$400 million
Individual Awards	<\$50 million	\$50-\$100 million	\$100-\$400 million	>\$400 million

- Financial Assistance Individual Awards Less than \$50 Million**  
 Responsibility for the management of these awards rests with the field organization or as otherwise assigned by the PSO. No review is required above the level of the Field Element Manager. The field organization is responsible for all project reporting and administration.
- Financial Assistance Solicitations Less than \$100M or Individual Awards Between \$50 Million and \$100 Million**  
 Responsibility for the management of these actions and awards rests with the field organization, or as otherwise assigned by the PSO. The PSO must be notified no later than 30 days prior to issuance of the announcement or award. Subsequent to PSO review, the field organization is responsible for all project administration and reporting to the PSO.
- Financial Assistance Solicitations Between \$100 Million and \$400 Million or Individual Awards Between \$100 Million and \$400 Million**  
 Responsibility for the management of these actions and awards rests with the field organization, or as otherwise assigned by the PSO and Under Secretary. The PSO is required to notify the Under Secretary no later than 30 days prior to issuance/award, and if requested, coordinate a Senior Management review of the Funding Opportunity Announcement/financial assistance award. Templates for senior management notification and for these reviews are attached. Subsequent to Under Secretary review, the field organization is responsible for all project administration and reporting to the Under Secretary and PSO.
- Financial Assistance Solicitations Greater than \$400 Million or Individual Awards Greater than \$400 Million**  
 Responsibility for the management of these actions and awards rests with the field organization, or as otherwise assigned by the PSO, Under Secretary, or Deputy

Secretary. The PSO is required to notify the Under Secretary, who notifies the Deputy Secretary, no later than 30 days prior to issuance/award, and if requested, coordinate a Senior Management review of the Funding Opportunity Announcement/financial assistance award. Templates for senior management notification and for these reviews are attached. Subsequent to the Deputy Secretary's review, the field organization is responsible for all project administration and reporting to the Deputy Secretary, Under Secretary, and PSO.

Finally, the PSO is required to notify the Under Secretary of any intent to discontinue a previously awarded financial assistance instrument with a DOE share of greater than ten million dollars.

**SENIOR MANAGEMENT BRIEFING**  
**FUNDING OPPORTUNITY ANNOUNCEMENT/FINANCIAL ASSISTANCE AWARD**

**PURPOSE:**

The senior management briefing is held to ensure that U.S. Department of Energy (DOE) management is fully informed and offered an opportunity to review and comment on all funding opportunity announcements (FOAs) and financial assistance awards greater than \$100 million (DOE funds), prior to signature. No later than 30 days prior to the release of an FOA or signature of a financial assistance award greater than \$100 million, senior management will be offered a briefing.

**SENIOR MANAGEMENT BRIEFING PARTICIPANTS:**

Senior management briefings are chaired by the program office responsible for finalizing the financial assistance award. The following participants, or their designee, must be invited:

Deputy Secretary (FOA >\$400 million [DOE share])  
Under Secretary (FOA >\$100 million ≤ \$400 million [DOE share])  
Program Secretarial Officer  
General Counsel  
Procurement  
Budget  
Congressional and Intergovernmental Affairs

**BRIEFING OBJECTIVE:**

The briefing must address the following:

- How the proposed project meets the mission needs of the program and the Department;
- How the proposed project is the best alternative for achieving the program objectives;
- How the project will be managed, i.e., responsible individuals, resources required, scope, schedule, decision points, etc.;
- Management and communication sensitivities (Administration, Congressional, State and local, industry, stakeholders, etc.); and
- Specific authorizing legislation or statutory requirements.

## **BRIEFING CONTENT:**

The briefing should include the following information:

### **I. Statement of Mission Need and Alternatives Assessment (required for FOAs only)**

### **II. Linkage to Strategic Management Multi-Year Plans and Budget Requests**

### **III. General Information**

- Sponsoring Program Office
- Funding Opportunity Announcement from which the project was selected
- Award recipient and the basis for the selection

### **IV. Management Structure and Processes**

- Description of the prime recipient and all major sub-recipients
- Description of the recipient's management processes including any special tailoring of standard processes for this project
- Project review methods and schedule
- Reporting and documentation
- Key Personnel (recipient and DOE), e.g., project, procurement, financial, legal, property, etc.

### **V. Detailed Project Description**

- Project Scope--statement of project objectives and work breakdown structure
- Project Schedule--including major milestones and decision points
- Funding
  - Total projected Federal funding and participant cost share
  - Cost plan and funding requirements (Federal and participant) by year
- Property--if project includes construction of a capital asset, describe the recipients project management procedures as they relate to DOE Order 413.3

### **VI. Pre-Award Considerations**

- Legal issues
- Intellectual property
- Protected EPACT information
- Advanced patent waiver request
- NEPA approach/requirements
- National Laboratory and federally funded research and development centers' participation
- EPACT cost share requirements
- Congressional notification
- Other

### **VII. Management and Communication Sensitivities**



**BRIEFING REQUEST FOR MAJOR FINANCIAL ASSISTANCE ACTIONS  
(FUNDING OPPORTUNITY ANNOUNCEMENT/AWARD)**

**PURPOSE:** The Under Secretary must be notified no later than 30 days prior to release of all Funding Opportunity Announcements (FOAs) greater than \$100 million (U.S. Department of Energy [DOE] share) or signature of Financial Assistance (FA) awards greater than \$100 million DOE share). The Under Secretary will be provided the opportunity to receive a briefing and review all major FOAs prior to their release or FA awards prior to their signature.

The Deputy Secretary will be provided the opportunity to review all FOA and awards greater than \$400 million.

**TYPE OF ACTION:**

- Funding Opportunity Announcement Release  
 Major Financial Assistance Award (grant or cooperative agreement, or technology investment agreement)

**BACKGROUND INFORMATION:**

**ESE PROGRAM:**                       EE                       EM                       FE                       LM  
    NE                       OE                       RW

**ISSUING/AWARDING**

**HQ or FIELD OFFICE:** \_\_\_\_\_

**Title and Description of Work Scope:**

**Sensitivities:**

**Estimated Dollar Value (including options):**

DOE:                      \$  
Cost Share:              \$  
Total:                      \$

**ESTIMATED DATE FOR FOA RELEASE:** \_\_\_\_\_

N/A

**ESTIMATED DATE FOR AWARD:** \_\_\_\_\_

N/A

**SUBMITTED BY:** \_\_\_\_\_

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**UNDER SECRETARY ACTION:**

Briefing Required

Initials/Date: \_\_\_\_\_

No Briefing Required

Initials/Date: \_\_\_\_\_