



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Management of Energy Consumption

Office of Children and Family Services



Executive Summary

Purpose

To determine whether Office of Children and Family Services (OCFS) officials have been effectively managing their agency's energy consumption. The audit covers the period April 1, 2006 to January 31, 2012.

Background

Executive Order No. 111 (EO 111) issued on June 10, 2001, directs State agencies and public authorities to be more energy efficient and environmentally proactive. It requires them to reduce, by December 31, 2010, their respective energy consumption in all buildings by 35 percent relative to 1990 (or alternate base year) levels, and to establish agency-wide reduction targets and associated schedules to reach this goal.

Key Findings

- We found that OCFS officials are not effectively managing their energy consumption and, as of March 31, 2010, have not achieved the reduction goals set forth in EO 111.
- Had officials met the energy reduction goals stipulated in EO 111, we estimate OCFS could have saved approximately \$930,000 in energy costs for 2010.

Key Recommendations

- Develop and implement a plan to reduce energy consumption.
- Retain energy usage data for all OCFS facilities so reduction achievements can be measured accurately.

Other Related Audits/Reports of Interest

[Office of Mental Health: Compliance With Executive Order 111 Purchase of Renewable Energy \(2008-S-80\)](#)

[New York State Energy Research and Development Authority: Compliance With Executive Order 111 Requirements to Purchase Power From Renewable Sources \(2008-S-74\)](#)

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

May 9, 2013

Ms. Gladys Carrión, Esq.
Commissioner
Office of Children and Family Services
52 Washington Street
Rensselaer, NY 12114-2834

Dear Commissioner Carrión:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Office of Children and Family Services entitled *Management of Energy Consumption*. This audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*

Table of Contents

| | |
|---|----|
| Background | 4 |
| Audit Findings and Recommendations | 5 |
| Management Efforts to Reduce Energy Consumption | 5 |
| Usefulness of the OCFS Annual Report | 6 |
| Potential Savings | 6 |
| Recommendations | 7 |
| Audit Scope and Methodology | 7 |
| Authority | 7 |
| Reporting Requirements | 8 |
| Contributors to This Report | 9 |
| Agency Comments | 10 |
| State Comptroller's Comments | 13 |

State Government Accountability Contact Information:

Audit Director: Frank Patone

Phone: (212) 417-5200

Email: StateGovernmentAccountability@osc.state.ny.us

Address:

Office of the State Comptroller
 Division of State Government Accountability
 110 State Street, 11th Floor
 Albany, NY 12236

This report is also available on our website at: www.osc.state.ny.us

Background

As of March 31, 2012, the New York State Office of Children and Family Services (OCFS) had over 3,100 employees and operated 19 facilities throughout the State to house juvenile offenders. During the audit period, OCFS had as many as 31 facilities, but several were closed based on the consolidation of residents and staff. OCFS energy costs (i.e., fuel oil, natural gas and electricity) are a significant part of the agency's budget. These costs totaled \$3,712,580 for the year ended March 31, 2012.

New York State Executive Order 111 (EO 111) issued on June 10, 2001, directed State agencies and public authorities to be more energy efficient and environmentally proactive. It required each agency to seek to reduce their energy consumption by 35 percent in all of their buildings by calendar year 2010, relative to calendar year 1990 (the designated base year) consumption levels. Agency officials were allowed to select an alternative base year if they did not have energy usage data available for 1990. As such, OCFS officials selected 1998 as their base year. EO 111 also required each agency to establish reduction targets and associated schedules to reach this goal. For measurement purposes, each agency would be using their expended BTUs (British Thermal Units).

According to EO 111, the New York State Energy Research and Development Authority (NYSERDA) was to coordinate and assist each agency and other affected entities (agency) in the fulfillment of their responsibilities. As a result, NYSERDA issued Guidelines for the agencies to follow to assist them in developing their detailed implementation plans and to help direct their future energy-related projects.

The Guidelines require that each agency submit an Annual Energy Report (Report) to NYSERDA to demonstrate their progress towards achieving the 35 percent reduction goal, and to highlight their successes. Projects developed by the agency to help achieve the 35 percent goal could be financed through the State's General Fund, but EO 111 encourages agencies to pursue non State funding sources (e.g., federal, private, etc.) due to the State's fiscal condition.

EO 111 was revoked on December 28, 2012 and superseded by a new Executive Order, directing state agencies to increase energy efficiency in state buildings by 20 percent in seven years.

Audit Findings and Recommendations

We conclude that OCFS officials have not been effectively managing their agency's energy consumption and, as a result, OCFS has not achieved the 35 percent reduction in consumption as required by EO 111. By achieving such reduction, we estimate OCFS could have saved more than \$900,000 in energy costs for 2010 alone. Instead, based on reported data, OCFS' energy consumption per square foot appears to have increased in comparison to its 1998 base year. Further, OCFS officials submit annual reports to NYSERDA that are incomplete and inconsistent from year to year.

Management Efforts to Reduce Energy Consumption

According to OCFS officials, they did not prepare a formal plan to reduce their agency's energy consumption as required by EO 111. They assert that they have had insufficient funds in their annual budgets to develop and implement such a plan. They also asserted that due to the nature of what they do (provide housing and other vital services to juveniles appointed by the Courts) energy costs are not easy to contain considering the continuous need for temperature control, lighting, cooking and security apparatus. However, they said that they did take certain actions to try and reduce their agency's energy consumption as detailed below.

Each year the agency prepares a capital budget for major building and equipment repairs and replacements. According to officials, many of the authorized projects by their nature should help reduce the agency's energy costs. For example, one capital project involved re-roofing a building; while others had zone-heating systems installed. We agree these improvements, by their nature, would reduce the energy consumption in those buildings, all other factors remaining equal.

OCFS officials also told us that they had sent out emails to facility personnel asking them to be mindful of wasting energy and to turn off their lights and other utilities when not in use. Thus, OCFS officials were relying on individual employees to help reduce energy consumption.

On April 19, 2011, April 20, 2011 and April 28, 2011, we visited three OCFS facilities with reported high energy usage according to OCFS' 2010 annual report to NYSERDA (Tryon, Highland and Brookwood). Our objective was to determine whether any energy conservation efforts were being made at the facility level in the absence of a centralized plan. We found that, similar to OCFS' Central Office, none of these facilities had a formal plan to manage and/or reduce their energy consumption. To the contrary, we observed conditions at each visited facility which contributed to greater energy consumption. In that regard, we observed lights that were on in unoccupied rooms, poorly-insulated buildings that lacked zoned temperature controls, and single pane windows. At Highland, one building had six temperature control zones. We observed the thermostats had been set to either 72 or 74 degrees in each zone, even though five of the zones were unoccupied.

Usefulness of the OCFS Annual Report

OCFS officials used an independent contractor to prepare their annual Report. We reviewed their Reports for 2002 thru 2010 and found that they were incomplete and inconsistent from year to year. In fact, several Reports divulged that the energy usage for several OCFS facilities was omitted due to missing utility bills. Also, the specific facilities for which bill data was missing varied from year to year. Yet, the Reports utilized the square footage of the facilities where bill data was not available in calculating energy consumption per square foot, which artificially lowered energy consumption figures. Thus, the OCFS Reports submitted to NYSERDA did not provide decision makers with comprehensive and reliable information to assess agency progress and compliance with EO 111.

Potential Savings

We performed a comparison of energy consumption for the buildings where we had energy usage data for calendar years 2007 through 2010 as well as base year 1998. Our calculations show that OCFS actually increased its energy consumption per square foot in each of these years when compared to the 1998 base year for those buildings. The following chart summarizes our findings:

Increase in BTUs per Square Foot

| Review Year | 1998 Base Year BTUs | Comparable BTUs * |
|-------------|---------------------|-------------------|
| 2007 | 196,380 | 209,737 |
| 2008 | 211,475 | 215,901 |
| 2009 | 217,371 | 226,033 |
| 2010 | 212,170 | 221,030 |

*BTUs for buildings where data was available in both Base and Review Years.

The specific buildings for which costs were compared varied from year to year.

Using the figures in the above chart, OCFS' energy consumption measured in BTUs increased by 4.176 percent between 1998 and 2010. Considering total reported energy costs of \$2,468,548 for 2010, had OCFS energy usage per square foot remained constant with the base year, energy costs would have approximated \$2,369,596 in 2010, a cost reduction of \$98,952. Had OCFS' achieved the 35 percent decrease in BTUs required by EO 111, OCFS would have achieved an additional savings of \$829,359 (\$2,369,596 times 35 percent). As such, had OCFS achieved the required 35 percent reduction in BTUs by 2010, its actual savings would have approximated \$928,311 (\$98,952 + \$829,359).

Recommendations

1. Develop and implement a centralized plan to reduce energy consumption.
2. Retain energy usage data for all OCFS facilities so reduction achievements can be measured appropriately.

Audit Scope and Methodology

We audited OCFS officials' efforts to effectively manage OCFS' energy consumption. Our audit covered the period April 1, 2006 through January 31, 2012.

To achieve our objective, we reviewed relevant energy-related laws and regulations, met with OCFS officials to gain an understanding of the types of facilities they manage and their efforts to effectively manage energy costs. We also reviewed OCFS' Annual Energy Reports submitted to NYSEDA from 2002 through 2010. We met with the contractor engaged by OCFS to prepare these reports to gain an understanding of the reporting process. We also visited three OCFS facilities (Tryon, Highland and Brookwood) to observe their energy management practices and estimated the potential cost savings OCFS could have attained by complying with the Governor's Executive Order 111.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained during this audit provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

Reporting Requirements

A draft copy of this report was provided to OCFS officials for their review and comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of the report. OCFS officials agree with our report recommendations. However, they do not agree with our conclusion that they do not effectively manage energy consumption; nor do they agree that approximately \$930,000 in energy cost savings could have been achieved for 2010.

We address OCFS' disagreement in our State Comptroller's Comments.

Within 90 days of the issuance of this report, in accordance with Section 170 of the Executive Law, the Commissioner of OCFS shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, indicating the steps taken by OCFS officials to implement our report recommendations, and where they have not been implemented, the reasons therefor.

Contributors to This Report

Frank Patone, Audit Director
Donald Geary, Audit Manager
Todd Seeberger, Audit Supervisor
Peter Blanchett, Examiner-in-Charge
Jennifer Bachinsky, Staff Examiner
Joe Paduano, Staff Examiner
Sue Gold, Report Editor

Division of State Government Accountability

Andrew A. SanFilippo, Executive Deputy Comptroller
518-474-4593, asanfilippo@osc.state.ny.us

Elliot Pagliaccio, Deputy Comptroller
518-473-3596, epagliaccio@osc.state.ny.us

Jerry Barber, Assistant Comptroller
518-473-0334, jbarber@osc.state.ny.us

Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Agency Comments



March 7, 2013

New York State
Office of
Children &
Family
Services

Mr. Donald Geary
Office of the State Comptroller
110 State Street
Albany, NY 12236-0001

Dear Mr. Geary:

www.ocfs.state.ny.us

Andrew M. Cuomo
Governor

Gladys Carrión, Esq.
Commissioner

Capital View Office Park
52 Washington Street
Rensselaer, NY
12144-2834

The Office of Children and Family Services (OCFS) has received the draft audit report, 2011-S-4, Management of Energy Consumption written by the Office of the State Comptroller (OSC). OCFS acknowledges that it was unable to achieve a full 35% reduction in energy savings as set forth by the mandate of Executive Order 111 (EO-111) which was issued on June 10, 2001. OCFS, however, does not agree with the audit findings that OCFS does not effectively manage energy consumption and that approximately \$930,000 in energy cost savings could have been achieved for 2010.

The OSC finding which states that OCFS “is not effectively managing energy consumption” is not consistent with the results and findings of the consulting engineers hired through the Office of General Services (OGS) to provide professional services to meet the reporting requirement of mandate EO-111. OCFS maintains that significant savings were obtained as evidenced by the reports dated April 1, 2006 to January 31, 2012 which show measurable savings in most years of over 20% when compared to the base year of 2003:

- EO-111 2006 Annual Report noted a savings of 20.11%
- EO-111 2007 Annual Report noted a savings of 24.09%
- EO-111 2008 Annual Report (missing data – savings undetermined)
- EO-111 2009 Annual Report noted a savings of 10.28%
- EO-111 2010 Annual Report noted a savings of 20.50%
- EO-111 2011 Annual Report noted a savings of 24.20%

Additionally, the audit report does not give fair consideration to mitigating circumstances such as requirements within American Correctional Association accreditation standards which guide OCFS youth detention operations at our residential facility locations. The ACA standards dictate that acceptable temperature ranges for both winter and summer comfort zones must be maintained at OCFS facilities for the comfort of our youth. As a result, options such as lowering heating levels significantly during the winter to achieve a greater energy savings is an option frequently not available to OCFS. It is unfortunate and inaccurate that the audit report does not include important information repeatedly provided to the auditors concerning the fact the credentialing entity for a number of our juvenile justice facilities requires OCFS to heat and light the facilities at a certain standard.



An Equal Opportunity Employer

*
Comment
1

*
Comment
2

* See State Comptroller's Comments, on page 13.

Further, all construction projects greater than \$50,000 in value undertaken by OCFS are administered by law under the strict supervision of OGS, Division of Design and Construction. Each project is given extensive attention and scrutiny to verify that compliance with the New York State Energy Conservation Code has been achieved. Each project seeks to improve energy savings by utilizing the latest advances in building materials and design standards to meet or exceed the minimum accepted energy guidelines of the code.

The second finding in the report asserts that OCFS could have saved approximately \$930,000 in energy costs for 2010. OCFS contends that this assertion is largely based on the presumption of achieving a 35% reduction in BTU consumption. There are several factors identified which explain why OCFS was not able to achieve a 35% reduction in energy costs. As previously mentioned, there are specific standards in residential facility heating ranges with which OCFS must comply. Additionally, OCFS has been, and continues to be, in a period of closing residential facilities throughout New York State. Any potential energy saving expenditures at any location needed to be evaluated against the likely long term status of the facility. The difficulties in meeting the expectations of EO-111 at OCFS were conveyed to the auditors throughout the course of this audit.

*
Comment
3

There are two recommendations contained in the audit. The first recommendation is to develop a centralized plan to reduce energy consumption. OCFS will develop such a plan consistent with the new requirements contained in Executive Order 88 (which now replaces the former EO-111).

Discussions have already been initiated by OCFS with OGS to advance development of a plan of compliance with EO-88. OCFS stands ready to receive the recommendations and guidelines for compliance being promulgated by the New York Power Authority for use by state agencies.

OCFS is also excited to engage local community partners in advancement of ideas for pilot programs which may foster the use of sustainable energy alternatives such as solar and wind energy at specific facility locations. OCFS staff will soon be meeting with representatives at Cornell Cooperative Extension at OCFS Finger Lakes Residential Center to discuss some of these possibilities.

The second recommendation involves retaining "energy usage data for all OCFS facilities so reduction achievements can be measured appropriately". OCFS is in the advanced stages of development of a custom software application that will help track key energy consumption of non-renewable fossil fuels and electricity at our facilities. OCFS expects a working beta test application to be ready within the next five months for actual data input with reporting capability for use at selected facility locations. OCFS will continue to take steps to measure and appropriately reduce energy usage as practicable.

* See State Comptroller's Comments, on page 13.

The effective management of energy consumption at OCFS is an ongoing objective. OCFS is committed to the ideals and goals identified in Executive Order 88 and its predecessor Executive Order 111. OCFS is confident that energy consumption in the agency can and will be reduced to mandated levels as OCFS works to implement a new and robust energy conservation plan.

OCFS appreciates the opportunity to provide comments on this report. Please contact Ralph Timber, OCFS Audit Liaison, at (518) 473-0796 or via e-mail at Ralph.Timber@ocfs.state.ny.us with any questions or comments you may have.

Sincerely,



Mikki Ward-Harper
Acting Deputy Commissioner
for Administration

cc: Commissioner Carrión
Sheila Poole

State Comptroller's Comments

1. The methodology used by OCFS' consulting engineers to calculate annual energy savings was flawed. While they used all available square footage, they did not use all corresponding energy costs.
2. Our audit report does acknowledge that OCFS provides housing and other vital services to juvenile and energy costs are not easy to contain considering the continuous need for temperature control lighting, cooking and security apparatus. Our comments regarding temperature maintenance pertain solely to unoccupied spaces.
3. Our \$930,000 cost savings estimate relates strictly to the requirements of EO111. If the BTUs were reduced by 35 percent, all other factors remaining equal, this is an accurate and sound calculation.