

**United States Government****Department of Energy**

# Memorandum



DATE: February 19, 2003

Audit Report No.: CAS-L-03-10

REPLY TO  
ATTN OF: IG-34 (A02PT034)

SUBJECT: Audit of the Research and Development Investment Criteria for Fossil Energy

TO: Assistant Secretary for Fossil Energy (FE-1)

The purpose of this report is to inform you of the results of our review of Research and Development (R&D) Investment Criteria for Fossil Energy. This review was initiated in August 2002 and fieldwork was conducted through December 2002 at Department Headquarters and the National Energy Technology Laboratory (NETL). The review methodology is described in the attachment to this report.

## INTRODUCTION AND OBJECTIVE

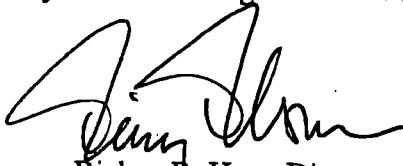
The President's Management Agenda for Fiscal Year (FY) 2002 directed the Department of Energy (Department) to work with the Office of Management and Budget (OMB) to develop better applied R&D investment criteria. The Department, working with OMB, has developed new criteria that was used to score all applied R&D activities and was to be the basis for the FY 2004 budget request. Our audit objective was to determine whether current Fossil Energy research and development investment criteria had impacted their research and development funding decisions.

## CONCLUSIONS AND OBSERVATIONS

While we learned that the Department had used the new investment criteria to support its FY 2004 budget request, management officials told us that they were working with

OMB to resolve issues regarding the budget request. Because funding decisions have not been finalized, we are terminating work on this audit without recommendations. A formal response to this report is not required.

We appreciated the cooperation of your staff throughout the audit.



Rickey R. Hass, Director  
Science, Energy, Technology,  
and Financial Audits  
Office of Audit Services  
Office of Inspector General

Attachment

cc: Team Leader, Audit Liaison, ME-2.1

## Attachment

**METHODOLOGY**

To accomplish the audit objective, we:

- Reviewed the President's Management Agenda for FY 2002 to identify requirements for the development of applied R&D investment criteria;
- Reviewed the "Scoring Criteria for Applied R&D Investments" developed by the Department and the OMB;
- Obtained and reviewed 14 "Scorecards" for Fossil Energy programs to determine how Fossil Energy had scored its applied R&D activities;
- Obtained and reviewed Fossil Energy Program Assessment Rating Tool (PART) spreadsheets to determine how Fossil Energy programs were scored by OMB;
- Met with Fossil Energy Headquarters and NETL officials to discuss the Scorecard and PART rating processes and results;
- Met with NETL Product Managers to discuss Program Plans and Roadmaps and the implementation of investment criteria for R&D; and,
- Reviewed performance measures in accordance with the Government Performance and Results Act of 1993 to determine whether performance plans and measures existed relative to Fossil Energy applied R&D.

We conducted the audit according to generally accepted Government auditing standards for performance audits and included tests for internal controls and with laws and regulations to the extent necessary to satisfy the audit objective. Accordingly, we assessed the Department's internal controls with regard to investments in applied R&D as it related to program goals and objectives. We did not use computer processed data during this review. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of the audit. Management waived the exit conference.

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United States Government

Department of Energy

# memorandum

DATE: FEB 24 2003

REPLY TO  
ATTN OF: IG-34 (A02PT034)

SUBJECT: Final Report Package for "Audit of the Research and Development Investment Criteria for Fossil Energy" Audit Report Number: OAS-L-03-10

TO: Frederick D. Doggett, Deputy Assistant Inspector General for Audit Services

Attached is the required final report package on the subject audit. The pertinent details are:

1. Actual Staff days: 195

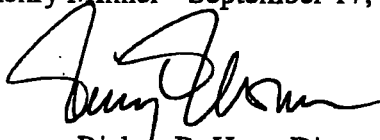
Actual Elapsed days: 175

2. Names of OIG and/or contractor audit staff:

Assistant Director: George W. Collard  
Team Leader: Robert W. Lewandowski  
Auditor-in-Charge: Eileen E. Metz  
Audit Staff: James M. Powell

3. Coordination with Investigations and Inspections:

Investigations: Yvette Milam - September 17, 2002  
Inspections: Henry Minner - September 17, 2002



Rickey R. Hass, Director  
Science, Energy, Technology,  
and Financial Audits  
Office of Audit Services  
Office of Inspector General

Attachments:

1. Final Report (3)
2. Monetary Impact Report
3. Audit Project Summary Report
4. Audit Database Information Sheet

Attachment 2

**MONETARY IMPACT OF REPORT NO.: OAS-L-03-10**

1. Title of Audit: "Audit of the Research and Development Investment Criteria for Fossil Energy"

2. Division: Science, Energy, Technology, and Financial Audits

3. Project No.: A02PT034

4. Type of Audit:

Financial: \_\_\_\_\_ Performance: X  
 Financial Statement \_\_\_\_\_ Economy and Efficiency X  
 Financial Related \_\_\_\_\_ Program Results \_\_\_\_\_  
 Other (specify type): \_\_\_\_\_

5.

FINDING		BETTER USED				QUESTIONED COSTS			MGT. POSITION	POTENTIAL BUDGET IMPACT
(A)	(B) Title	(C) One Time	Recurring			(G) Questioned Portion	(H) Unsupported Portion	(I) Total	(J) C=Concur N=Noncon U=Undec	(K) Y=Yes N=No
			(D) Amount Per Year	(E) No. Yrs.	(F) Total Amount					
	Research and Development Investment Criteria for Fossil Energy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTALS--ALL FINDINGS</b>		\$0	\$0	\$0	\$0	\$0	\$0	\$0		

6. Remarks: There is no current monetary impact or potential future savings.

7. Contractor: \_\_\_\_\_

8. Contract No.: \_\_\_\_\_

9. Task Order No.: \_\_\_\_\_

10. Approvals:

Division Director & Date

Technical Advisor & Date

*[Signature]* 02/24/03  
*[Signature]*

Office of the Inspector General (OIG)  
 Audit Project Office Summary (APS)

Page 1

Report run on: February 20, 2003 9:56 AM

Attachment 3

Audit#: A02PT034 Ofc: PTA Title: R&amp;D INVESTMENT CRITERIA FOR FOSSIL ENERGY

## \*\*\* Milestones \*\*\*

	Planned	Actual	
	Profile	End of Survey	Revised
Entrance Conference:	26-AUG-02	28-AUG-02	28-AUG-02
Survey Completed:	26-OCT-02		09-DEC-02
Field Work Complete:			
Draft Report Issued:			
Exit Conference:			
Completed with Report:	26-FEB-03		19-FEB-03 ( R )
-----Elapsed Days	184		175
-----Staff Days:	225	0	195
Date Suspended:		Date Terminated:	
Date Reactivated:		Date Cancelled:	
DaysSuspended(Cur/Tot):	0 ( )	Report Number:	OAS-L-03-10
Rpt Title:	AUDIT OF THE RESEARCH AND DEVELOPMENT INVESTMENT CRITERIA FOR FOSSIL ENERGY		

## \*\*\* Audit Codes and Personnel \*\*\*

Aud Type:	EAE ECONOMY & EFFICIENCY	AD:	376 LEWANDOWSKI
Category:	FRD FOSSIL ENERGY R&D	AIC:	387 METZ
DOE-Org:	HFE HEADQUARTERS, FOSSIL	HDQ-Mon:	421 SCHULMAN
Maj Iss:	031 ENERGY TECHNOLOGY	ARM:	459 COLLARD
Site:	MSA MULTI-SITE AUDIT		

## \*\*\* Task Information \*\*\*

Task No:		CO Tech. Rep:	
Task Order Dt:		Orig Auth Costs:	
Orig Auth Hrs:		Current Auth Cost:	
Current Auth:		Tot Actl Cost:	
Tot Actl IPR Hr:			

## \*\*\* Time Charges \*\*\*

Emp/Cont Name	NumDays	Last Date
BARWATT, T	.6	08-FEB-03
LEWANDOWSKI, R	18.4	08-FEB-03
POWELL, J	81.2	08-FEB-03
METZ, E	94.4	08-FEB-03
<b>Total:</b>	<b>194.6</b>	

Attachment 4

**AUDIT DATABASE INFORMATION SHEET**

1. Project No.: A02PT034
2. Title of Audit: Audit of the Research and Development Investment Criteria for Fossil Energy
3. Report No./Date: OAS-L-03-10/February 19, 2003
4. Management Challenge Area: Performance Management
5. Presidential Mgmt Initiative: Better R&D Investment Criteria
6. Secretary Priority/Initiative: No specific initiative
7. Program Code: FE
8. Location/Sites: Headquarters and the National Energy Technology Laboratory
9. Finding Summary: No findings. This was a letter report.
10. Keywords: research and development  
R&D  
investment criteria  
budget request  
PART  
scorecard