U.S. Department of Energy
Washington, DC

ORDER

DOE O 224.3A

Approved: 10-22-2020
Chg 1 (LtdChg): 12-18-2024
Chg 2 (LtdChg): 01-17-2025

SUBJECT: AUDIT COORDINATION, RESOLUTION, AND FOLLOW-UP

1. PURPOSE.

   a. Establish policies, procedures, and responsibilities for the coordination of audit, inspection, and other activities with the Office of Inspector General (OIG) and the Government Accountability Office (GAO).

      This Order does not establish requirements relating to cooperation with the OIG; OIG access rights to Department of Energy (DOE) records, facilities, and personnel; or other OIG authorities. DOE Order (O) 221.2, *Cooperation with the Office of Inspector General*, current version, addresses Departmental requirements for cooperation with the OIG and OIG authorities. The OIG is the Office of Primary Interest for DOE O 221.2, current version.

   b. Establish policies, procedures, and responsibilities for responding to draft and final OIG and GAO audit reports.

   c. Establish an audit follow-up program for OIG and GAO audits in accordance with Office of Management and Budget (OMB) requirements in OMB Circular A-50, *Audit, Inspection, or Evaluation Follow-Up*, and other references cited in section 8 of this Order.

2. CANCELS/SUPERSEDES. This Order supersedes DOE O 224.3A Chg 1 (LtdChg), *Audit Coordination, Resolution, and Follow-up*, dated 12-18-24. Cancellation of a directive does not, by itself, modify or otherwise affect any contractual or regulatory obligation to comply with the directive.

3. APPLICABILITY.

   a. Departmental Elements.

      (1) This Order applies to each DOE Departmental Element, including the Power Marketing Administrations, the Energy Information Administration (EIA), and the National Nuclear Security Administration (NNSA).

      (2) This Order does not apply to the Federal Energy Regulatory Commission (FERC), an independent commission.

      (3) The Administrator of the National Nuclear Security Administration (NNSA) must require NNSA employees to comply with the employee responsibilities outlined in this directive. Nothing in this directive will be

construed to interfere with the NNSA Administrator's authority under 8section 3212(d) of Public Law (P.L.) 106-65 to establish NNSA-specific policies, unless disapproved by the Secretary.

b. DOE Contractors. This Order does not apply to contractors. Departmental Elements are responsible for providing GAO with access to contractor information and personnel consistent with contract requirements. Contractors are required to provide access to information and personnel in support of GAO audits by applicable contract provisions, including Federal Acquisition Regulation (FAR) 52.215-2 (48 CFR 52.215-2), *Audit and Records—Negotiation*; and Department of Energy Acquisition Regulation (DEAR) 970.5204-3 (48 CFR 970.5204-3), *Access to and Ownership of Records*, or successor provisions. Requirements for contractors to cooperate with the OIG are found in DOE O 221.2, current version.

c. Financial Assistance. This Directive applies to the Federal management of financial assistance programs, including the administration, oversight, or awarding of financial assistance agreements. This Directive does not apply directly to recipients of financial assistance.

d. Equivalencies/Exemptions for DOE O 224.3A Chg 1. Requests for equivalencies and exemptions to this Order should follow the process outlined in DOE O 251.1, *Departmental Directives Program*, current version.

(1) Exclusions. This Order excludes:

(a) Audits of contracts or grants requested by contracting officers that are not conducted by the OIG or performed under the direction of the OIG.

(b) Audits of financial assistance awards performed in accordance with the Single Audit Act and the Uniform Financial Assistance Guidance (2 CFR 200) and DOE financial assistance regulations (2 CFR 910).

(c) Audits of subcontracts performed by DOE management and operating contractors.

(d) OIG reports requiring immediate delivery to the Secretary regarding "particularly serious or flagrant problems, abuses, or deficiencies relating to the administration of programs and operations" in accordance with the provisions of the Inspector General Act of 1978 (5 U.S.C. § 405(d)).

(e) OIG investigations.

(f) OIG activities that do not result in published reports.

(g) GAO contract bid protests.

(h) GAO audits of DOE OIG activities that do not contain recommendations to the Secretary.

(i) Whistleblower disclosures protected by 5 U.S.C. 2302, or other applicable statutes.

(2) Equivalency. In accordance with the responsibilities and authorities assigned by Executive Order 12344, codified at 50 sections 2406 and 2511 and to ensure consistency throughout the joint Navy/DOE Naval Nuclear Propulsion Program, the Deputy Administrator for Naval Reactors (Director) will implement and oversee requirements and practices pertaining to this Directive for activities under the Director's cognizance, as deemed appropriate.

e. GAO Assessment Reports. The Department will treat GAO assessment reports and GAO audit reports in the same manner.

f. OIG Inspection Reports. The Department will treat OIG inspection reports and OIG audit reports in the same manner.

g. OIG Agile and Special Project Reports. The OIG conducts non-audit activities resulting in written products that are intended for public release; the OIG may also provide management alerts reporting preliminary information from ongoing audit or inspection activities. The IG refers to these activities collectively as Agile and Special projects.

Agile and special projects are performed in accordance with the Quality Standards for Federal Offices of Inspector General (the Silver Book), but the reports and activities may not adhere to the standards applicable to audits (Generally Accepted Government Auditing Standards) or inspections (the Quality Standards for Inspection and Evaluation).

Section 4.c.(d) of this Order provides tailored guidance for the coordination and resolution of OIG agile and special project reports.

The requirements in section 4.c. of this Order are applied to recommendations or suggestions contained in OIG agile and special projects reports when specified by the Office of the Chief Financial Officer (OCFO) or the Director, Audits and Internal Affairs (AIA) (for NNSA matters).

h. Audits Performed by the Inspector General for the Office of the Director of National Intelligence. The Intelligence Community Inspector General (ICIG) has statutory authority to audit the DOE Office of Intelligence and Counterintelligence. The audit resolution and follow-up requirements contained in this Order apply to audits of the Department of Energy performed by the ICIG.

4. REQUIREMENTS.

a. Audit Coordination.

(1) Offices Responsible for Audit Coordination. Each Departmental Element must designate an office responsible for audit coordination that performs audit coordination, resolution, and follow-up responsibilities on behalf of the Departmental Element as described in this Order. Site and field offices may serve as a responsible office for audit coordination when designated by the cognizant Headquarters Departmental Element.

(2) Designating an Audit Coordinator for DOE Offices. The Head of the Departmental Element will assign lead and backup audit coordinators for each responsible office for audit coordination. The audit coordinators are responsible for coordinating the audit process from initiation of the audit to completion of corrective actions. Specific audit coordinator responsibilities are found in section 5.d. of this Order.

(a) The designation of an audit coordinator does not affect the OIG's statutory authority to directly meet with or obtain information and documentation directly from DOE employees and contractors as discussed in DOE O 221.2, current version.

(b) As appropriate, the Head of the Departmental Element, the cognizant Under Secretary, or the Deputy Secretary may designate an individual to serve as the audit coordinator for a specific audit. The OCFO must be notified when such designations are made.

(3) Lead and Supporting Offices for Audit Engagements. The OCFO will designate a lead office for each audit engagement. The lead office is responsible for coordinating OIG or GAO requests for documents and information, scheduling requested meetings, and coordinating site visits as necessary. The OCFO may also designate supporting offices for audits involving multiple offices. Supporting offices must coordinate closely with the lead office during the audit and provide the lead office with any documents provided to the auditor in support of the audit engagement.

(4) Coordination of Audit Activities with GAO.

NOTE: Provisions of this section pertain to GAO Audits. Requirements relating to cooperation with the Office of Inspector General are discussed in DOE O 221.2, current version.

(a) General Requirements. GAO is an agency of the legislative branch of the Federal Government with the statutory authority to conduct independent surveys, reviews, studies, and audits of the activities of Federal agencies, including DOE. Consistent with applicable laws, Departmental Elements will make available the appropriate staff and contractors for meetings and discussions with GAO audit team(s) and provide GAO audit team(s) access to documents or other requested information needed to perform audit functions. The provision of documents and other information to GAO and scheduling of meetings with GAO staff must be coordinated with the appropriate designated audit coordinator. The Head of the Departmental Element, the cognizant Under Secretary, or the Deputy Secretary may specify the appropriate individuals for meetings and discussions requested by GAO.

(b) Designating Attorneys for GAO Audit Engagements. The Office of General Counsel (OGC) designates attorney(s) to assist with GAO audits, as appropriate. The designated attorney(s) facilitate OGC review of sensitive documents and other information (see paragraph (e) of this section) before providing to GAO and will coordinate the internal OGC review of the responses to GAO reports. As appropriate, the designated attorney(s) shall also provide other assistance and counsel to the audit coordinator and DOE management officials during the audit engagement.

NNSA and the Bonneville Power Administration (BPA) will designate an attorney, as appropriate, when NNSA or BPA is the lead office.

(c) Entrance and Exit Conferences. GAO schedules entrance conferences with DOE when initiating the start of an audit engagement. GAO schedules exit conferences after they have completed their audit work and have provided a Statement of Facts or other preliminary draft document to DOE.

The lead office audit coordinator is responsible for scheduling the entrance and exit conferences. The appropriate management officials and subject matter experts designated by management for the lead office must attend the entrance and exit conferences. The OCFO, supporting offices, and the designated attorney should be invited to entrance and exit conferences. The Head of the Departmental Element, the cognizant Under Secretary, or the Deputy Secretary may specify individuals to be included in GAO entrance and exit conferences.

(d) Role of the Audit Coordinator. Audit coordinators are charged with coordinating the entire audit process for their program offices, from initiation of the audit to completion of all agreed-upon corrective actions. The lead office audit coordinator serves as the primary liaison between the Department (including Departmental contractors) and the GAO audit team(s) during the audit engagement. Lead and supporting office audit coordinators must retain copies of documents provided to GAO during the audit; coordinate the legal review of sensitive documents or other information with the designated attorney(s); and ensure that draft audit reports discussing classified or Unclassified Controlled Nuclear Information (UCNI) subject matters receive classification and UCNI reviews by the appropriate authorities.

Supporting office audit coordinators assist in scheduling interviews with officials from the supporting office and providing documents requested from the supporting office. Information provided to GAO must also be provided to the lead office. Detailed responsibilities for Audit Coordinators are listed in section 5.d. of this Order.

(e) Provision for Sensitive Documents and Other Information Requiring Legal Review prior to Release to GAO. Audit coordinators must provide sensitive documents as described in this section to the designated attorney(s) for legal review and must handle the documents in accordance with guidance provided by the designated attorney(s) and DOE O 471.7, *Controlled Unclassified Information*, current version. Sensitive documents include:

1 Information that would be withheld under a Freedom of Information Act (FOIA) request, including trade secrets and commercial or financial information that is obtained from a person and is privileged or confidential; inter-agency or intra-agency memoranda or letters; attorney-client privilege information; attorney work products; draft or pre-decisional documents; personnel and medical files and similar files, the disclosure of which would constitute an unwarranted invasion of personal privacy; and investigatory records or information compiled for law enforcement purposes.

2 Personally Identifiable Information (PII) and other information designated as Controlled Unclassified Information (CUI).

3 Requests for documents involving communications with White House or OMB officials.

4 Information that might affect or relate to litigation.

5 Proprietary corporate information.

6 Documents provided to DOE by a foreign government or international organization. If the foreign government or international organization provided the documents with the

expectation of confidentiality, a review by the Office of Classification is also required.

(f) Document and Information Requests to Refer to the OCFO. The following requests should be referred to the OCFO for a Departmental response or appropriate coordination.

1 Pre-decisional budget documents.

2 Financial reports and information obtained from the Department's accounting system.

(g) Requests for Classified Information. Refer requests for classified information to the Departmental Element responsible for the requested information.

(h) Requests for Unclassified Controlled Nuclear Information (UCNI). Refer requests for UCNI to the Departmental Element responsible for the requested information.

(i) Requests for Controlled Unclassified Information (CUI). Refer requests for CUI to the Departmental Element responsible for the requested information.

(j) Requests for Non-public Documents Originating from Other Agencies. Refer GAO requests to DOE for non-public documents that originated from another Federal agency to the originating agency for a determination regarding the document(s).

(k) GAO Surveys and Questionnaires. GAO frequently uses surveys and questionnaires to ask for DOE input on specific matters relating to GAO audits and reviews. When GAO plans to report the responses to surveys and questionnaires as responses by DOE, the OCFO must be provided the opportunity to review proposed responses to ensure appropriate coordination and management review.

(l) Resolving Questions Regarding GAO Audit Engagements. Questions regarding the provision of sensitive documents must be referred to the designated attorney(s); other questions should be referred to the OCFO.

b. Audit Resolution and Responding to Audit Reports.

(1) Lead Office for Report Responses. The OCFO designates the Departmental Element(s) responsible for responding to draft and final audit reports. This is generally the Departmental Element responsible for responding to the largest number of report recommendations or the office

with program or functional responsibility for the focus of the audit. The OCFO will serve as the lead office for Department-wide audits or when no other office has programmatic responsibility for the matter(s) under review.

(2) Supporting Offices for Report Responses. The OCFO designates other supporting offices that must approve the response.

The Director, Audits and Internal Affairs (AIA) (for NNSA matters), or successor position, designates NNSA offices that review and approve NNSA audit responses. The Director, AIA, or successor position, will coordinate with the OCFO as necessary for audits involving DOE elements.

(3) Distributing and Protecting Pre-Decisional Audit Reports. Draft OIG and GAO audit reports are pre-decisional documents provided by the auditor for review and comment by Departmental management. Audit reports will be distributed by CFO to the audit coordinators for lead and supporting offices. Audit coordinators are responsible for further report distribution on a need-to-know basis. Public release of the draft report is prohibited. DOE contractors may receive draft reports or portions thereof on a need-to-know basis.

(a) DOE offices are responsible for the protection of draft report content (including contractor protection of the draft report content) consistent with the protection(s) used by the OIG or GAO when transmitting the report.

(b) Recipients of FOIA or other requests for copies of draft reports must refer the requests to the OIG or GAO.

(4) Corrective Action Plans. Corrective action plans should address the root cause of the audit finding and provide reasonable assurance of preventing or detecting recurrence of the audit finding. They must include a timeline for completing the corrective actions and designate responsibilities for implementing the plan.

(a) Corrective actions for issues identified by auditors should not be delayed until issuance of a draft or final audit report. As appropriate, management should begin corrective actions when agreeing with concerns identified by the auditor during the course of the audit but prior to the issuance of a draft or final report.

(b) The response to the audit report should note key information about the corrective action plan including the planned actions, timelines for completion, and the management official or office responsible for implementing the corrective action plan. Management officials should develop more detailed implementation plans as needed to support completion of the planned corrective actions.

(c) After approval, corrective action plans and milestone dates may be amended through an approved quarterly status update (see section 4.c.(5) of this Order).

(5) Departmental Element Approval for Responses to Audit Reports. Responses to draft and final audit reports must be approved and signed by the Head of the Departmental Element preparing the response. This may be delegated for responses to OIG reports at the discretion of the Departmental Element.

(6) Form and Content of Responses. The OCFO provides current guidance on the form and content of audit report responses.

(7) Specific Requirements for Responding to GAO Reports.

(a) GAO Statements of Fact and Other Draft Work Products. GAO may provide the Department with a statement of facts, draft presentations or testimonies intended for Members of Congress, or other informal draft work products for review and comment.

GAO Statements of Fact are preliminary draft reports provided for review and comment by subject matter experts and management officials. The process allows DOE to negotiate appropriate changes with GAO prior to the development of a formal draft report, which will be provided both to DOE and to GAO's Congressional requestors.

1 Due dates for responding to GAO Statements of Fact and other informal draft products are coordinated with GAO on a project-by-project basis.

2 The lead office is responsible for providing any necessary technical or factual comments on the draft documents--in coordination with supporting offices, including the Office of General Counsel--and obtaining a classification review for draft work products in a classified or Unclassified Controlled Nuclear Information subject matter as needed. Comments may be provided verbally at the exit conference or in writing, at the discretion of the lead office. GAO may request written comments following the exit conference. Written comments for non-NNSA audits should be provided to the OCFO and OGC for review.

3 For NNSA audits, comments on the statement of facts and other draft work products are coordinated through or the Director, AIA.

4 For NNSA audits that also involve DOE elements the Director, AIA, will coordinate proposed comments with the OCFO and supporting offices.

(b) GAO Draft Reports. DOE will respond to each draft report with recommendations to the Secretary and will perform a classification review for draft reports in a classified or Unclassified Controlled Nuclear Information subject matter. When a GAO draft report contains sensitive data, a sensitivity review should be performed while reviewing the report and developing the response to the recommendations.

1 Due Dates. GAO generally provides 30 calendar days for a response. The OCFO provides specific timelines for the preparation and coordination of the response to each audit report consistent with the amount of time provided by GAO for comments. These timelines include reviews by the Under Secretary and the Office of the Secretary (OSE), which includes the Office of the Deputy Secretary.

Requests to GAO for additional time to respond to the report should be the exception and must be made by the OCFO or the Director, Audits and Internal Affairs (AIA) (for NNSA matters), or successor position, as applicable. Offices requesting additional time must submit an extension request to the OCFO. GAO is not required to grant additional time for a response and GAO can issue the final report without DOE's input.

2 Departmental Approval and Signature. The Chief Financial Officer (CFO) reviews the response for transmittal to GAO on behalf of the Secretary. Responses are signed by the Head of the Departmental Element for the lead office. The OCFO and program offices coordinate approval of the response with Office of the Executive Secretariat as appropriate.

When NNSA is the lead office, the Director, Audits and Internal Affairs (AIA) approves or disapproves responses for the Administrator's signature. A copy is to be provided to the OCFO.

3 Recommendations Made Jointly to DOE and Other Agencies. When GAO makes joint recommendations to DOE and other agencies, the lead office should coordinate with the other agencies to determine if there is general agreement among the agencies regarding a response to the recommendations. The lead office should inform the OCFO and supporting offices if a planned response to a recommendation conflicts with the planned response of other agencies and include the reason(s) for the disagreement when providing the proposed response for review.

4 Reports without Recommendations. GAO provides draft reports to DOE for review and comment that do not have recommendations to DOE. No formal response or comments are required for such reports, but they should be reviewed for factual accuracy. The lead office may provide technical and general comments or may choose to provide a formal response intended for publication in the final report.

The OCFO must review technical and general comments. Formal responses must follow the standard Departmental approval process.

NOTE: When a GAO draft report contains sensitive data, a sensitivity review should be performed while reviewing the report.

(c) GAO Final Reports. When GAO issues final reports with recommendations to the Secretary (or "head of the agency" as specified by statute), the Department "shall submit a written statement (response) on action(s) taken or planned on the recommendation" to relevant Congressional committees (31 U.S.C. 720). The OCFO maintains the current list of recipients, in consultation with the Office of Congressional and Intergovernmental Affairs.

1 The response to GAO's final report constitutes the Department's management decision regarding planned and completed corrective actions, and thus satisfies the requirements for audit resolution specified in OMB Circular A-50. Management decision is defined further in section 7.g. of this Order.

2 No response is required for GAO final reports that do not have recommendations to DOE.

3 Due Dates. When there is no disagreement with GAO regarding the planned corrective actions and no requirement for interagency coordination, the response should be approved and transmitted within 60 calendar days of the date of the final report. Because DOE's formal audit follow-up process begins when the management decision is approved, the 60-day timeline is consistent with requirements in OMB Circular A-123, paragraph V.C., to complete agreed-upon corrective actions in a timely manner. Additionally, a prompt response to the final report is appropriate if there are no substantive changes planned to the draft report response; delayed responses may require status updates to reflect recent corrective actions completed.

The OCFO may provide additional time to prepare the response when needed to discuss areas of disagreement with GAO, facilitate interagency coordination, allow for the development of a revised corrective action plan, or address other factors that may delay the management decision. The OCFO provides specific timelines for the preparation and coordination of each audit report. As specified by the Good Accounting Obligation in Government Act (known as the GAO-IG Act) (P.L. 115-414) and 31 U.S.C. 720, agency responses to GAO final reports must be provided to Congress no later than 180 calendar days after issuance of the report.

4 Departmental Approval and Signature. The CFO reviews the response for transmittal to the relevant Congressional committees on behalf of the Secretary. Responses are signed by the Head of the Departmental Element for the lead office. The OCFO and program offices coordinate approval of the response with the Office of the Executive Secretariat as appropriate.

When NNSA is the lead office, the Director, Audits and Internal Affairs (AIA), approves or disapproves responses for the Administrator's signature. A copy is to be provided to OCFO.

5 Recommendations Made Jointly to DOE and Other Agencies. If disagreements persist between DOE and other agencies on implementation of joint recommendations, the lead office must note the reason(s) for the disagreement when providing the proposed response to the OCFO and other concurring offices.

(8) Specific Requirements for Responding to OIG Reports.

NOTE: See section 4.e. of this Order for direction on responding to OIG incurred cost audits.

(a) OIG Preliminary Draft Reports. Upon completion of fieldwork, OIG provides the Department with a preliminary draft report for factual accuracy review and discussion, and to address any disagreement with the conclusions, findings, and recommendations, presented in the report. The Preliminary report process provides an opportunity to identify and resolve disagreements before the Department provides its response to the formal draft report, which is included in the final public OIG report.

The OIG provides preliminary draft reports directly to the lead office audit coordinator, with copy to the OCFO.

1 The lead office is responsible for providing any necessary technical or factual comments on the draft documents, in coordination with supporting offices. Offices should also highlight any potential disagreements with draft findings, conclusions, and recommendations at this time. Comments may be provided verbally or in writing prior to the meeting. The OCFO or the Director, NNSA Audits and Internal Affairs will coordinate with lead offices on written comments to preliminary reports as needed.

2 If responsible management officials disagree with the facts or conclusions in a preliminary draft report, the management officials should fully explain the reasons for disagreement and present applicable supporting documentation or other factual support.

3 Lead Offices should inform the OCFO or NNSA AIA when there are significant disagreements or concerns with a preliminary draft report's content or recommendations. The OCFO or the Director, NNSA Audits and Internal Affairs will assess whether consultation with subject matter experts or other actions are appropriate to address the disagreements or concerns during the preliminary draft reporting stage.

(b) OIG Draft Reports. The Department will respond to each draft OIG report with recommendations that is provided for review and comment. Draft reports without recommendations to the Secretary should be reviewed for factual accuracy, if provided.

1 Due Dates. The OIG normally provides at least 15 business days for management to review and comment on draft reports. At times, the OIG provides less than 15 business days for draft report review and comment.

Requests for extensions should be in writing and provided to the OCFO or the Director, NNSA Audits and Internal Affairs consistent with current procedures. The request must include the reason for the extension and the projected delivery date.

2 Content of the Response. The response should clearly indicate the Departmental Element's agreement (concurrence) or disagreement (nonconcurrence) with the report's findings and recommendations.

a When concurring with the recommendations, the response should describe the planned corrective actions and provide estimated completion dates for those actions.

b When non-concurring in whole or in part with a recommendation, the response must explain the reason(s) for the disagreement and any alternative corrective actions planned or undertaken that are relevant to the recommendation.

c When agreeing with the recommendations while disagreeing with some elements of the report findings, the response should state the concurrence with the recommendations while explaining reasons for disagreement with the findings.

3 Resolving Questioned Costs. Inspector General reports may identify questioned cost amounts for both contracts and financial assistance awards, consistent with the definition of questioned costs contained in 5 U.S.C. 405(a). (See Section 4.e of this Order for responding to questioned cost amounts identified in OIG incurred cost audits.)

a The resolution of OIG questioned costs is governed by provisions of the Federal Acquisition Regulations (FAR) for contracts and the Uniform Financial Assistance Guidance (Uniform Guidance) or DOE Financial Assistance Regulations (2 CFR 910) for financial assistance awards.

b When an OIG report identifies questioned costs, the cognizant Contracting Officer or Financial Assistance Officer, as applicable, must make a cost allowability determination.

The response to any OIG recommendation to resolve questioned costs should indicate agreement to resolve the questioned costs only. The response should not prejudge the cost allowability determination that must be made by the Contracting Officer or Financial Assistance Officer, and thus should not contain details regarding agreement or disagreement with the OIG's questioned cost amounts. Furthermore, any details regarding the allowable cost determination may contain proprietary information. Thus, the details should not be included in the response to the OIG report, which is typically released publicly by the OIG.

4 Approval. The response must be approved by the Head of the Departmental Element designated to respond to the report or by a delegated official.

5 Exit Conferences. After receiving the Department's response and before the release of the final report, the OIG generally provides the opportunity for a formal exit conference to discuss the disposition of the Department's comments.

6 Reports without Recommendations. There is no requirement to respond to OIG reports that do not contain recommendations. However, there may be instances where a response is beneficial and desired. Departmental Elements should coordinate with their respective DOE or NNSA audit office for a final decision on whether to respond to OIG reports with no recommendations.

(c) OIG Final Reports.

1 Acceptance of the Management Response to the Draft Report as a Management Decision. A management decision is the official position taken by the Department on the unresolved findings and recommendations contained in a final OIG report. The purpose of the management decision is to specify the actual or planned corrective actions. The OIG may choose to accept the response to the draft report as the Department's management decision for that report.

2 Separate Management Decisions. When the OIG does not accept the response to the draft report as the management decision, the Head of the Departmental Element must prepare a separate management decision for the recommendations in the final report. The management decision process elevates disagreements to a higher level of management for resolution.

A separate management decision is unnecessary when the response to the draft report was signed by the cognizant Under Secretary, and there were no substantive changes made to the findings or recommendations contained in the final report.

The management decision process does not apply to the resolution of questioned costs. The final resolution of questioned costs is made by the cognizant Contracting Officer. See 4.b.(8)(b)(3) and section 4.e. of this Order.

a Due Dates. Management decisions should be provided to the OIG within six months of issuance of the final report, per the requirements of OMB Circular A-50. The OCFO provides specific timelines for the preparation and coordination of each management decision.

b Review, Approval, and Signature. The DOE CFO serves as the DOE Audit Follow-up Official and works to resolve disagreements between the OIG and the Department prior to approval of the management decision.

i. The cognizant Under Secretary (if applicable) approves or disapproves the management decisions for non-NNSA audits. Management decisions for Departmental Elements reporting directly to the Deputy Secretary are approved or disapproved by the Head of the Departmental Element. The CFO reviews, signs, and transmits management decisions to the OIG.

ii. For NNSA audits, the or the Director, NNSA Audits and Internal Affairs, or successor position, reviews and approves or disapproves the management decision to be provided for signature by the NNSA Administrator, coordinating with the OCFO for audits that involve DOE elements. NNSA will provide a copy of the management decision to the OCFO.

iii. For BPA audits, the BPA Administrator and cognizant Under Secretary reviews and approves or disapproves management decisions, coordinating with the OCFO for audits that involve DOE elements. The BPA Administrator signs the management decision. BPA will provide a copy of the management decision to the OCFO.

c Resolution of disagreements. The Inspector General may refer disagreements regarding approved management decisions to the Deputy Secretary.

3 Potential Cost Avoidance Identified by the OIG. Consistent with the reporting requirements in 5 U.S.C. 405, the OIG may identify recommendations that "funds be put to better use" as defined by 5 U.S.C. 405 (a)(5).

a To satisfy reporting requirements in 5 U.S.C. 405, the lead office must state management's agreement or disagreement with any cost avoidance amounts identified by the OIG, explaining the reasons for any disagreement. The determination must be provided no later than the first quarterly status update due after issuance of the final report.

b Program and functional management should consult with the OIG to understand the methodology used to calculate cost avoidance amounts if necessary. Supporting offices must advise the lead office of the supporting office's agreement or disagreement with any cost avoidance amounts that relate to the supporting offices.

(d) OIG Agile and Special Projects.

1 Technical Comments. The OIG has committed to providing proposed agile and special project reports to the appropriate officials. For the Department, the appropriate officials for coordinating comments on draft agile and special project reports are the designated Audit Coordinators for the

affected offices, the OCFO, and the Director, NNSA Audits and Internal Affairs for NNSA-related products.

2 Drafts for Official Comment. The OIG will provide a draft of agile and special project reports to the Department for an official response. However, the timeline for providing a response may be abbreviated.

To the extent feasible, the process for responding to agile and special project reports should mirror the response for responding to a normal draft OIG audit or inspection report. However, the Office of the Chief Financial Officer (OCFO) or the Director, NNSA Audits and Internal Affairs (for NNSA matters) may provide additional specific instructions for the coordination of the response, as appropriate to the specific circumstances of the report.

c. Audit Follow-up.

(1) Management Responsibility. Responsibility for effective audit follow-up rests with the head of the DOE organization. Resolution of GAO and OIG audits is an important element of the Department's management system, consistent with the requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control (07-15-2016);* the GAO *Standards for Internal Control in the Federal Government* (the GAO Green Book); and OMB Circular A-50, *Audit, Inspection, or Evaluation Follow-Up*. Consistent with OMB Circular A-123, section II (D), and the Department's current internal controls guidance, offices should consider audit findings when assessing risks and evaluating internal controls.

(2) Role of the Audit Follow-up Official. OMB Circular A-50 requires the CFO, as the DOE Audit Follow-up Official, to monitor the completion of corrective actions. Audit follow-up activities cease when the corrective actions meet the closure requirements specified in this Order.

(3) Assignment of Audit Recommendations for Follow-up. The OCFO determines which offices have required follow-up actions relating to audit reports. The OCFO assigns follow-up actions based on the Department's management decision.

(a) When the approved management decision for a GAO report states that corrective actions are completed or unnecessary, the relevant recommendations will be closed following the process in section 4.c.(6) of this Order.

(b) When the approved management decision for an OIG report states that corrective actions are completed or unnecessary, the audit report or relevant recommendations are closed upon issuance of the management decision and there is no formal follow-up process for that report.

(4) Departmental Audit Resolution and Follow-up System. The OCFO maintains the Department's audit resolution and follow-up system as required by OMB Circular A-50. The system tracks audit recommendations and questioned costs identified in audit reports until corrective actions are completed. In addition to the follow-up tracking required by Circular A-50, DOE's system tracks all active audits from the time of notification and serves as the system of record for DOE's audit report responses.

(5) Required Status Updates. Departmental offices must provide quarterly updates to the OCFO on the status of open recommendations (recommendations with planned corrective actions not yet completed) and unresolved questioned costs.

(a) Form and Content of Quarterly Status Updates. The quarterly updates must contain the status of corrective actions, including a description of progress made and an explanation for any delays in completing the corrective actions. Updates should be understandable to a non-technical expert, define any acronyms, and omit references to prior updates.

(b) Approval of Status Updates. The Head of the Departmental Element or a designated management official must approve quarterly status updates. The OCFO retains records of the approvals made, as well as records of delegations of authority to approve the quarterly updates.

(c) Status of Questioned Costs. Contracting Officers must provide quarterly updates to the OCFO on the status of questioned costs that Contracting Officers have determined to be unallowable, and costs for which an allowability determination has not yet been made.

1 Describe the status of any questioned cost amounts, if applicable. The update must include the total amount questioned by the OIG, the total amount for which an allowability determination has been made, and the total amount for which an allowability determination has not been made.

2 When an allowability determination has been made, the Contracting Officer's status update should specify the amounts determined to be allowable, the amounts

determined to be unallowable, and the rationale for the determinations.

(d) Response to the OIG-identified Potential Cost Avoidance Amounts (Funds Put To Better Use). Management must agree or disagree with potential cost avoidance amounts identified by the OIG to satisfy reporting requirements specified in 5 U.S.C. 405(9). Potential cost avoidance amounts identified by the OIG are specified in the monetary impact report accompanying the final OIG report.

Agreement or disagreement must be indicated using the current template provided by the OCFO; agreement or disagreement must be determined by the designated management official who approved the response to the OIG draft report.

(6) Timeframe for Audit Recommendation Closure. The estimated completion dates in the management decision determine the expected closure date of an audit report recommendation. See 4.b.(8)(c) of this Order for the definition of management decision for an OIG report, and 4.b.(7)(c) of this Order for the definition of a management decision for GAO reports.

When planned corrective actions have not been completed within the timeframe specified in the management decision, subsequent quarterly status updates must explain the reasons for the delay.

(7) Completion of Corrective Actions. Departmental offices must report completion of planned corrective actions and proposed recommendation closures via their quarterly status update.

(a) Reporting Completion of Corrective Actions. When corrective actions are complete and a Departmental Element proposes closure of a recommendation, the quarterly status update must:

1 Be approved by the certifying official (see definition in 7.d. of this Order);

2 Provide a summary of actions taken in accordance with the corrective action plan. This final narrative for the closed corrective action plan must be complete, without referencing prior updates, and address the corrective action plan to document closure;

3 Explain the reasons for any alternate actions taken instead of the original corrective action plan;

4 Identify the name and title of the official approving the closure of the audit recommendation. The official must

have delegated authority to approve audit recommendation closures for the Departmental Element; and

5 Include relevant supporting documentation demonstrating the completion of corrective actions.

(b) Final Resolution of Questioned Cost Amounts. Questioned costs are resolved when the Contracting Officer makes an allowability determination on the questioned cost amounts. A record of the allowability determinations made by the Contracting Officer should be included in the Department's audit resolution and follow-up system.

Recoveries of disallowed costs must be reported to the OCFO separately as part of the Department's payment integrity reporting process. See 5.a.(12) of DOE Order 520.1B, *Financial Management and Chief Financial Officer Responsibilities,* regarding CFO responsibilities for the DOE Payment Integrity Program.

(c) Closure of GAO Recommendations.

1 OCFO Review. The OCFO reviews the proposed closure of GAO recommendations by the DOE certifying official (see 7.b. of this Order) to assess whether the planned corrective actions, as specified in the Department's management decision, have been completed. The OCFO may request supporting documentation as necessary to demonstrate completion of planned corrective actions. As the DOE Audit Follow-up Official, the CFO makes the final DOE determination on closure of GAO recommendations.

For NNSA, the Director. Audits and Internal Affairs, approves the closure of recommendations. The OCFO records closure of the NNSA recommendations in the Department's audit resolution and follow-up system after verifying that the final update is complete and complies with policy.

2 GAO Review of Closed Recommendations. GAO reviews status updates and documentation describing the completed corrective actions, when provided after the OCFO closure review, and indicates GAO's perspective on whether the completed corrective actions address audit recommendations. As a result of this review, GAO indicates on their website whether there is agreement that

DOE has completed appropriate corrective actions and describes the basis for any disagreement.

As the DOE Audit Follow-up Official, the CFO may consider GAO's review of the corrective actions. When there is a disagreement between GAO and DOE regarding closure of a recommendation, DOE should assess GAO's input and consider whether additional actions are warranted. The OCFO may reopen recommendations in the Department's audit resolution and follow-up system after consultation with the relevant DOE offices. The CFO makes the final DOE determination on closure of GAO recommendations as recorded in the Department's audit resolution and follow-up system. The Director, NNSA Audits and Internal Affairs, makes the final determination on closure of GAO recommendations assigned to NNSA.

(d) Closure of OIG Recommendations.

1 The OIG reviews the status updates describing the completed corrective actions. In performing this review, the OIG may ask for additional documentation to support the responses. The OIG will then indicate agreement or disagreement that the corrective actions have been completed. OIG agreement that planned corrective actions were taken does not necessarily reflect a determination that the corrective actions effectively addressed the underlying audit finding. OIG may perform follow-up audits, at its discretion, to assess the effectiveness of corrective actions.

a When the OIG indicates corrective actions have not been completed or otherwise fail to address the OIG's recommendations, DOE management should address the OIG's concerns in subsequent quarterly status updates. The status updates should also document any additional corrective actions taken in response to OIG comments. This process ensures compliance with coordination requirements specified in OMB Circular A-50, paragraph III.1.(9).

b In the case of disagreements between the OIG and the Department, the CFO determines closure of the report for DOE elements, and the Director, NNSA Audits and Internal Affairs, determines closure for NNSA.

2 Resolution of OIG Questioned Costs. The cognizant Contracting Officer must resolve contract and financial assistance costs questioned by the OIG before the audit report can be closed. Questioned costs are resolved when the Contracting Officer has made a final determination on the allowability of the questioned costs.

d. Annual Audit of the Department's Consolidated Financial Statements.

(1) Background. The CFO Act requires an annual audit of the Department's financial statements and systems that support financial reporting. OMB Bulletin 14-02, *Audit Requirements for Federal Financial Statements,* or successor policy, describes in detail the requirements for financial statement audit.

(2) Review of Proposed Findings before Issuance by the Auditor. The auditor may provide management an opportunity to provide informal comments on a proposed finding before issuance. To provide a consistent departmental approach, management should coordinate informal comments with the Office of Finance and Accounting (for financial reporting findings) and the Office of Corporate Information Systems (for financial management system findings).

(3) Responses to Financial Statement Audit Findings and Recommendations. The OIG provides notice of an audit finding to management for review and response throughout the course of the audit, and management provides responses to the findings and associated recommendations as recommendations are issued.

(a) Form and Content of the Responses. The management response must agree or disagree with the finding and describe planned corrective actions.

1 When agreeing (concurring) with the finding, the response must also address associated recommendations. If management agrees with (concurs with) a recommendation, the response must describe planned corrective actions and the timeline for completing corrective actions. The corrective action plan should address the underlying cause of the audit finding.

2 When disagreeing (non-concurring) in whole or in part with a recommendation, the response must explain the reason(s) for the disagreement and any alternative corrective actions planned or undertaken that are relevant to any portion of the recommendation with which the office agrees.

3 There is a short time frame (2 to 3 days) for responding to financial statement findings; management may provide an initial corrective action plan as part of the response and develop a more detailed plan for later action as appropriate. The Department's audit resolution system must reflect management's revision or approval of corrective action plans.

(b) Responsibility for Preparing the Management Response.

1 Findings that Relate to Financial Reporting. The program or functional office with direct responsibility for a finding drafts the management response and the management official responsible for that office signs the management response. The CFO Office of Finance and Accounting drafts and signs management responses for findings relating to the OCFO's direct responsibilities.

2 Findings that Relate to Financial Management Systems. The program or functional office with direct or oversight responsibility for the affected system(s) drafts the management response; concurrence with the response within that office should follow the signing office's procedures.

(c) Reviewing the Management Response.

1 Findings that Relate to Financial Reporting. The DOE CFO Office of Finance and Accounting reviews management responses before finalization.

2 Findings that Relate to Financial Management Systems. The DOE CFO Office of Corporate Business Systems (CF-40) reviews management responses before finalization.

(d) Timing of the Management Response. The program or functional office will provide responses to individual findings within the time frame requested by the OIG.

(e) Corrective Actions for Financial Statement Audit Findings. Offices shall begin implementing and tracking corrective actions as soon as a response to a formal audit finding which includes a commitment to correct the issue is signed by the responsible office(s). Actions should not be delayed pending inclusion of final findings in the formal management letter. Offices shall provide quarterly status updates until the completion of corrective actions.

(f) Reissued Findings. The auditor will evaluate prior-year findings in the current year audit. The auditor may reissue a prior-year audit finding if the auditor determines the finding still requires corrective action. Quarterly status updates shall continue (or resume) for reissued findings.

(g) Closure of Prior-Year Financial Statement Audit Findings. The Department may close a prior-year financial statement audit finding and associated recommendation(s) if the auditor determines the finding closed, i.e., the auditor has completed the audit work for the current year without issuing a repeat finding.

(h) The DOE Annual Financial Report (AFR). The AFR includes the DOE financial statements, which are the representation of management, and the OIG's Independent Auditor's Report, which provides the audit opinion on the DOE financial statements, as required by the CFO Act. The OCFO coordinates and completes the preparation of the AFR in accordance with the requirements of OMB Circular A-136, *Financial Reporting Requirements*.

(i) Management Letter. To close the financial statement audit, the OIG provides a management letter to the Department that transmits the final audit findings and recommendations. Final audit findings and recommendations included in the management letter will be updated quarterly until closed.

e. OIG Incurred Costs Audits.

NOTE: This Order uses the term "incurred cost audit" to describe audits of DOE/NNSA Management and Operating Contracts performed by, or conducted on behalf of, the Office of Inspector General consistent with the FAR requirements for Final Indirect Cost Rate Proposal Audits.

(1) OIG Role as Cognizant Auditor. The DOE Inspector General serves as the cognizant auditor for DOE/NNSA management and operating contracts and other contracts that include the clause at 48 CFR 970.5216-7, *Allowable Cost and Payment,* and the clause at 48 CFR 970.5232-8, *Integrated Accounting* (except for management and operating contracts of the Naval Nuclear Propulsion Program).

(a) OIG audit cognizance is established because of the unique nature of the management and operating contract model, which requires specific audit expertise, and because of the Department's unique integrated accounting model. Establishing OIG audit cognizance for contracts with integrated accounting aligns audit responsibilities relating to cost allowability, cost allocation, and DOE accounting and financial reporting in the same audit organization. OIG audit cognizance is reflected in the separate Departmental and OIG agreements for audit support with the Defense Contract Audit Agency (DCAA).

(b) In its capacity as the cognizant auditor, the DOE Inspector General performs incurred cost audits consistent with the provisions of the Federal Acquisition Regulation. The audits assess the accuracy of a contractor's annual costs to determine if the costs are allowable, reasonable, and allocable to the contract in accordance with contract terms, cost accounting standards, government laws or regulations.

The OIG may arrange with non-DOE entities to complete incurred cost audits. The resolution and follow-up process is the same for all audits, whether performed directly by the OIG or performed by a non-DOE entity under contract or agreement with the OIG.

(c) OIG incurred cost audits, and the resolution of the report findings and questioned costs by the Contracting Officer, may contain proprietary information. The OIG and the Department are responsible for protecting the contractors' proprietary information.

(2) Resolution and Follow-up. OIG incurred cost audits may identify questioned costs for resolution by the Contracting Officer, or may make recommendations for corrective actions to be taken by the contractor. Thus, the cognizant DOE Contracting Officer is the lead official for resolution and follow-up for the OIG incurred cost audits.

(a) Resolution and follow-up of the OIG incurred cost audits is not governed by the provisions of OMB Circular A-50.

(b) Any recommendations for Departmental action that derive from an incurred cost audit will be transmitted separately by the OIG. Resolution and follow-up for recommendations for Departmental action will follow the procedures outlined in section 4.b. and 4.c of this Order.

(c) The cognizant DOE Contracting Officer determines the corrective actions for any recommendations made for action by the contractor that are included in OIG incurred cost audits.

(d) The OCFO tracks resolution and follow-up for OIG incurred cost audits in the Department's audit resolution and follow-up system for accountability and reporting purposes.

(e) Contracting Officers must work with the designated Audit Coordinator to provide quarterly status updates to the OCFO. The quarterly status updates must provide the (1) the status of the cost allowability determinations for any questioned costs, and (2) the status of corrective actions directed by the contracting officer in response to the OIG incurred cost audits. This includes actions taken to address recommendations made to the contractor.

(3) Closure.

(a) Questioned Costs. The Contracting Officer will provide a written determination of whether questioned costs are allowable to the OCFO, via the cognizant DOE audit coordinator. The OCFO will record resolution of the questioned costs according to the Contracting Officer's written determination.

(b) Recommendations. Corrective actions for any recommendations made to the contractor are tracked until the Contracting Officer determines that sufficient corrective actions have been completed. The Contracting Officer must provide the OCFO with a written determination that appropriate corrective actions have been completed via the cognizant DOE audit coordinator.

(4) Disclaimer of Audit Opinion. OIG incurred cost audits may report costs for which the OIG has not provided an audit opinion (a full or partial disclaimer of opinion). Costs for which the OIG has not provided an opinion do not meet the definition of questioned costs contained in 5 U.S.C. 405(a)(4) and thus are not subject to OIG's statutory reporting requirements contained in 5 U.S.C. 405(b), nor are they subject to DOE audit follow-up procedures.

When the OIG provides a full or partial disclaimer of opinion, the Contracting Officer and/or Cognizant Federal Agency Official may request that the OIG conduct additional auditing to allow it to provide an opinion. The Contracting Officer and/or Cognizant Federal Agency Official may also, after considering the costs at issue, and the OIG's rationale for its disclaimer of opinion regarding the costs, determine there is sufficient information to disposition the costs and take appropriate actions to allow for prudent disposition of the costs.

f. Audits of Financial Assistance Recipients and Subrecipients performed by the OIG.

(1) Audit Cognizance. The OIG has authority to conduct or arrange for audits of DOE financial assistance recipients or subrecipients consistent with the terms and conditions of DOE awards and financial assistance regulations. See 2 CFR 910.503(b) (for for-profit recipients) and 2 CFR 200.503(b)(c) (for other recipients).

(2) Relationship to Other Audits. DOE financial assistance recipients and subrecipients are subject to annual audit requirements. The requirements

applicable to for-profit recipients as described by DOE's financial assistance regulations (2 CFR 910.500-910.521); the requirements applicable to other recipients (single audits) are described in OMB's uniform guidance (2 CFR 200.500-200.521). The regulations also define recipient and agency responsibilities for resolution and follow-up for audit findings and questioned costs.

OIG audits of financial assistance recipients and subrecipients may identify deficiencies to be addressed by the recipient or subrecipient; the role of DOE is to ensure that deficiencies are addressed and to determine whether questioned costs are allowable. Thus, DOE's resolution of OIG audits of grantees and subgrantees mirrors the processes used for resolution and follow-up of audits performed under 2 CFR 910 and 2 CFR 200.

(3) Exclusions.

(a) Any recommendations for Departmental action that derive from an OIG audit of DOE financial assistance recipients or subrecipients will be transmitted separately by the OIG. Resolution and follow-up for recommendations for Departmental action will follow the procedures outlined in section 4.b. and 4.c of this Order.

(b) Fraud or other criminal conduct identified by the OIG will be referred to the OIG Office of Investigations. Audit resolution and follow-up procedures defined by this Order shall not be used to address fraud or other criminal conduct.

(4) Resolution and Follow-up.

(a) Management Decisions. The DOE Contracting Officer or Grant Officer with cognizance over the award must provide a management decision that details corrective actions for audit findings and provides a cost allowability determination for questioned costs. The management decision must be compliant with 2 CFR 910.521(a) (for for-profit recipients) or 2 CFR 200.521(a) (for other recipients).

For audits of subrecipients, the DOE Contracting Officer or Grant Officer with cognizance over the award must obtain and review the management decision developed by the prime recipient (pass-through entity).

(b) Follow-up. Financial assistance recipients and subrecipients are subject to annual audits. Consistent with Generally Accepted Government Auditing Standards (GAGAS), auditors are required to assess the status of prior audit findings when performing the annual audits. Thus, the annual audit process will assess whether corrective actions are being implemented by the financial assistance recipient or subrecipient.

(5) Closure.

(a) The OCFO will track follow-up for OIG audits of financial assistance recipients and subrecipients in the Department's audit resolution and follow-up system, including resolution of questioned costs.

(b) OIG audits of financial assistance recipients and subrecipients are closed when the approved management decision is provided. Management decisions should be approved within six months of issuance of the final OIG report (consistent with the timeframes established by 2 CFR 200.521(d) and 2 CFR 910.521(d)) unless additional time is needed to address DOE comments or concerns.

(c) Recoveries of disallowed costs must be reported to the OCFO separately as part of the Department's payment integrity reporting process. See 5.a.(12) of DOE Order 520.1B, *Financial Management and Chief Financial Officer Responsibilities*, regarding CFO responsibilities for the DOE Payment Integrity Program.

5. RESPONSIBILITIES.

a. DOE Chief Financial Officer.

(1) Leads the Department's audit resolution program and advises the Secretary and Departmental senior leadership of significant audit issues.

(2) Leads Departmental coordination with the OIG and GAO and assists offices with ongoing audit engagements as needed. In coordination with the Director, Audits and Internal Affairs, leads NNSA coordination with the OIG and GAO and assists offices with ongoing audit engagements as needed.

(3) Serves as the Department's Audit Follow-up Official, as defined by OMB Circular A-50, *Audit, Inspection, or Evaluation Follow-Up*. See 5.b. for NNSA responsibilities pertaining to NNSA which reside with the Director, NNSA Audits and Internal Affairs.

(4) Provides reports on the status of audit recommendations as required, including reports required by the Good Accounting Obligation in Government Act (known as the GAO-IG Act, P.L. 115-414).

(5) Collaborates with the OIG to meet reporting requirements contained in the Inspector General Act.

(6) Designates the lead office and supporting offices, as needed, for audit engagements and notifies the relevant Departmental Elements of audit starts and audit reports. As necessary, coordinates the Department's responses to audit reports affecting one or more Departmental Elements and resolves any substantive disagreements on the responses.

(7) Reviews the Department's responses to GAO draft reports, GAO final reports, and OIG final reports on behalf of the Secretary (for elements other than NNSA). As necessary, coordinates Departmental responses to informal reports and presentations provided by the OIG and GAO for Departmental comment.

(8) Maintains the Department's audit resolution system and tracks the closure of GAO and OIG audit reports and recommendations.

(9) Reviews quarterly status reports and assesses the timeliness and responsiveness to milestones established and corrective actions taken or planned. Reviews proposed closure of GAO recommendations and supporting documentation. Provides final DOE determination on the closure of GAO recommendations. As necessary, provides reports to senior Departmental managers on significant audit follow-up issues.

b. Director, Audits and Internal Affairs (AIA), NNSA (or successor position).

(1) Leads audit coordination, resolution, and follow-up activities for NNSA.

(2) Coordinates with the DOE OCFO and other DOE offices on audit matters as required.

(3) Approves responses to OIG and GAO draft and final reports for NNSA related audits, consistent with current NNSA policy and delegations, and provides copies to the DOE OCFO.

(4) Approves or disapproves all NNSA recommendations for closure.

c. Heads of Departmental Elements.

(1) Maintain overall management authority for coordinating audit activity affecting the Departmental Element.

(2) Provide quarterly reporting on the status of open audit recommendations and completion of corrective actions to the OCFO through the Department's audit resolution and follow-up system.

(3) Provide the OCFO information as needed to meet required internal and external reporting of the status of audit reports and audit recommendations.

(4) Confirm that audit resolution activities are compliant with established audit resolution requirements and processes.

(5) Review and approve responses for assigned audit reports.

(6) Designate audit coordinators for the DOE element and approve the designation of audit coordinators for site and field elements' responsible audit offices, if applicable.

(7) Consider audit findings when identifying risks for the organization's internal controls testing and evaluation, in accordance with the Department's internal control guidance.

(8) Provide to the OCFO annual certification, or current organizational policy, of:

(a) any field or site office designated as a responsible audit office;

(b) designated audit coordinators for responsible audit offices;

(c) management officials responsible for approving quarterly status updates on open audit recommendations;

(d) management officials designated authority to approve closure of audit recommendations; and

(e) designated officials for approving audit responses and management decisions for the Departmental Element.

(9) When designated as a supporting office:

(a) Coordinate with lead offices in providing requested information and documentation to GAO or OIG and provides lead offices with copies of documents sent to GAO.

(b) Review and provide concurrence on responses to audit reports within established timeframes.

(c) Write the response to a recommendation assigned to the supporting office by GAO or OIG.

d. Audit Coordinators.

(1) Serve as the primary liaison with GAO audit teams; OIG audit or inspection teams; and other Departmental audit coordinators during audit engagements, as appropriate. Schedule meetings, interviews, and site visits, and coordinate timely responses to auditors' requests for information and documents.

(2) Inform Heads of Departmental Elements of activities and decisions relating to ongoing audit engagements and audit recommendations, as appropriate. Provide advance notification of sensitive issues that may be included in audit reports to the OCFO and senior management within the Departmental Element.

(3) Coordinate with other Departmental offices as needed during the course of an audit and refer significant disagreements or concerns relating to ongoing audit engagements to the OCFO for resolution.

(4) For GAO Audits, coordinate the legal review of sensitive documents and other information with the designated attorney, and handle sensitive documents and other information in accordance with guidance provided by the designated attorney.

(5) Retain copies of documents and other information provided to GAO.

(6) Coordinate responses to informal reports and presentations provided by the OIG and GAO with supporting offices, as appropriate.

(7) Assist in drafting responses to OIG preliminary draft reports, GAO statements of fact, informal reports, questionnaires, presentations, draft and final audit reports. Coordinate responses with supporting offices, as appropriate.

(8) Provide responses to GAO statements of fact, draft reports, final reports, informal reports, questionnaires, and presentations for review and concurrence by supporting offices; the cognizant Under Secretary; the Office of General Counsel (OGC); the Office of Congressional and Intergovernmental Affairs (CI); the Office of Public Affairs (PA); and the Office of the Secretary (OSE) in accordance with the requirements of this Order.

(9) Provide responses to OIG preliminary drafts, draft reports, final reports, informal reports, questionnaires, and presentations for review and concurrence by supporting offices in accordance with the requirements of this Order.

(10) Obtain OCFO concurrence on responses to draft GAO reports, final GAO reports, and final OIG reports.

(11) Provide quarterly status updates, as approved by the management official designated by the Head of the Departmental Element, for open audit recommendations assigned to the Departmental Element. If proposing closure of a recommendation, include supporting documentation.

e. Office of Congressional and Intergovernmental Affairs (CI) (or NNSA CI when NNSA is the lead office). Review proposed Departmental responses to draft and final GAO reports as appropriate. For NNSA lead audits, the NNSA Office of External Affairs performs this function.

f. Office of Public Affairs (PA) (or NNSA Office of Communications when NNSA is lead office). Review proposed Departmental responses to draft and final GAO reports as appropriate.

g. Office of General Counsel (OGC) (or the NNSA or BPA Office of General Counsel when NNSA or BPA is the lead office).

(1) Designate an attorney for GAO engagements.

(2) Review written responses to GAO reports.

(3) Review sensitive documents and other information from Departmental Elements and provides guidance regarding the proper handling of the information.

h. Contracting Officers.

(1) Per the FAR, determine whether questioned costs identified by audits are allowable.

(2) Provide information to the audit coordinator on cost allowability determinations made for questioned costs as required to support quarterly reporting.

(3) Resolve the recommendations and questioned costs contained in OIG incurred cost audits and provide closure documentation to the OCFO via audit coordinator.

i. Office of Classification. Provide classification and declassification services regarding GAO and OIG reports and related management comments.

6. INVOKED STANDARDS. This Order does not invoke any DOE technical standards or industry standards as required methods. Note: DOE O 251.1, current version, provides a definition for "invoked technical standard."

7. DEFINITIONS. This Order defines most terms when first mentioned.

a. Audit. As used in the order, includes non-audit surveys, attestation engagements, reviews, assessments, or studies performed by the OIG or GAO, including OIG inspections. An audit engagement is an announced audit.

b. Certifying Official. The management official with delegated authority to approve audit recommendation closures for the Departmental Element. The Certifying Official is responsible for ensuring the stated corrective actions are completed.

c. Cost avoidance. As used in the Order, refers to amounts identified by an OIG "recommendation that funds be put to better use" as discussed in section 5 of the Inspector General Act.

d. Delegation. Delegations of authority provide officials with the legal authorization to execute specific authorities and carry out specific duties.

e. Departmental Element. Departmental Element, as used in this Directive, has the meaning specified by the definition of Head of Departmental Element contained in DOE Order 251.1, *Departmental Directives Program*, current version.

f. Designation. Designations provide officials with the legal authorization to execute specific authorities and carry out specific duties when the originating document (e.g., Public Law or DOE Order) directs that an individual be designated to be responsible for those specific authorities or duties.

g. Management Decision. A management decision is the official position taken by a program or functional management official on the unresolved findings and recommendations contained in a final audit report. The purpose of the management decision is to specify the actual or planned corrective actions.

h. Subject Matter Expert (SME). An individual who—by education, training, qualifications, and/or other experience—is a recognized expert in a particular field, subject, topic, system, equipment, standard, or work process.

8. REFERENCES.

a. Chapter 5 of Title 5 of the United States Code, which contains the current codification of Public Law 95-452, *Inspector General Act of 1978*, dated 10-12-78, as amended, and related statutes.

b. Public Law 96-226, *The General Accounting Office Act of 1980*, Title 1, dated 4-3-80, as amended by Public Law 91-510, the Legislative Reorganization Act of 1970, Section 236 (31 U.S.C. 701-720).

c. Public Law 101-576, *Chief Financial Officers Act of 1990*, dated 11-15-90 (31 U.S.C. 901-903).

d. Public Law 106-65, *National Defense Authorization Act for Fiscal Year 2000* (known as the National Nuclear Security Administration Act), dated 10-5-99, as amended (50 U.S.C. 2401).

e. *The Good Accounting Obligation in Government Act*, as amended (known as the GAO-IG Act) (P.L. 115-414).

f. 5 U.S.C. Section 552 and 5 U.S.C. Section 552a, *the Freedom of Information Act and the Privacy Act*.

g. 31 U.S.C. 720 Section (b) (2), *Agency Reports.*

h. 42 U.S.C. Section 7137, *Functions of the Comptroller General*, as specified in the Department of Energy Organization Act, Section 207.

i. 10 CFR Part 1017, *Identification and Protection of Unclassified Controlled Nuclear Information*.

j. OMB Circular No. A-50 (revised), *Audit, Inspection, or Evaluation Follow-Up,* dated 11-7-24.

k. OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, dated 7-15-16.

l. OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, dated 08-27-19, or successor policy.

m. GAO-19-55G, *GAO's Agency Protocols*, dated 1-23-19.

n. DOE O 206.1, *Department of Energy Privacy Program*, current version.

o. DOE O 221.2, *Cooperation with the Office of Inspector General*, current version.

p. DOE O 251.1, *Departmental Directives Program*, current version.

q. DOE O 471.1, *Identification and Protection of Unclassified Controlled Nuclear Information*, current version.

r. DOE O 471.7, *Controlled Unclassified Information*, current version.

s. DOE O 475.2, *Identifying Classified Information*, current version.

t. DOE O 520.1, *Financial Management and Chief Financial Officer Responsibilities*, current version.

9. CONTACT. Address questions concerning DOE O 224.3A to the Office of the Chief Financial Officer, Office of Financial and Audit Management.

BY ORDER OF THE SECRETARY OF ENERGY:

DAVID M. TURK
Secretary of Energy