



Memorandum

OFFICE OF INSPECTOR GENERAL

DATE: NOV 04 2002

APPLY TO: IG-34 (A02CG032) Audit Report Number: OAS-L-03-02

SUBJECT: Audit of Project Management Practices in the Office of Science

TO: Acting Associate Director, Office of Laboratory Operations and Environment, Safety and Health, SC-80

The purpose of this report is to inform you of the results of our audit of Office of Science (Science) project management practices. This audit was initiated in June 2002 and fieldwork was conducted through September 2002 at Departmental Headquarters, Oak Ridge National Laboratory (ORNL), and Fermi National Accelerator Laboratory (Fermi). The audit scope and methodology is described in an attachment to this report.

INTRODUCTION AND OBJECTIVE

The Department of Energy (Department) funded over \$1 billion in on going capital asset acquisition projects in Fiscal Year 2002, with over \$400 million dedicated to Science construction and equipment projects. Science programs are currently managing over 30 projects at more than seven laboratories, representing almost \$3 billion in total project costs.

Historically, the Department has experienced difficulties in managing its major projects. Cost overruns, schedule slippages, and other project management problems have adversely affected the credibility in the Department's ability to build new facilities and upgrade existing systems. In light of these concerns, the objective of our audit was to determine whether Science has implemented sound project management practices.

CONCLUSION AND OBSERVATIONS

Based on the results of our limited review, nothing came to our attention to indicate that Science had not implemented sound project management practices. Our survey work identified minor concerns in the areas of contingency, status verification and reporting, cost estimating, and management teams. These areas were discussed with officials from Science's Construction Management Support Division.

We appreciate the cooperation of your staff during our review. If you have any questions regarding our audit, please contact Brian Boos at (301) 903-3858 or Kevin Majane at (301) 903-4065.



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

cc: Director, Construction Management Support Division, SC-81
Director, Office of Engineering and Construction Management, ME-90
Audit Liaison, Office of Science, SC-62
Audit Liaison, Office of Executive Operations and Support, ME-2.1

SCOPE AND METHODOLOGY

To accomplish the audit objective we:

- Reviewed Departmental project management requirements and guidance;
- Held discussions with Headquarters officials from the Office of Engineering and Construction Management and the Office of Science to gain understanding of Departmental and Science project management practices;
- Identified a universe of Science construction and equipment upgrade projects and selected four projects for detailed review:
 - Laboratory for Comparative and Functional Genomics at ORNL;
 - Fire Protection System Upgrade at ORNL;
 - U.S. Large Hadron Collider Accelerator at Fermi; and
 - Main Injector Neutrino Oscillation Search at Fermi;
- Reviewed pertinent project documentation and discussed the projects with Federal and contractor project management officials;
- Assessed corrective actions on Neutrinos at the Main Injector;
- Reviewed performance related information to determine compliance with the Government Performance and Results Act of 1993.

The audit was performed in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Accordingly, we assessed controls related to the projects selected for review. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. Since computer processed data was not the primary support used to meet our audit objective, we performed a limited assessment of data reliability. An exit conference was held on October 7, 2002.


Memorandum

DATE: NOV 08 2002
REPLY TO: IG-34 (A02CG032)
SUBJECT: Final Report Package for "Audit of Project Management Practices in the Office of Science"
Audit Report No.: OAS-L-03-02
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: 261
Actual Elapsed days: 125
2. Names of OIG and/or contractor audit staff:
Assistant Director: George W. Collard
Team Leader: Kevin Majane
Auditor-in-Charge: Brian Boos
Audit Staff: Stacy Bleigh, Katie Shaull, Michael Carney
3. Coordination with Investigations and Inspections:

Vera Shepard and Brenda Froberg of Investigations and Henry Minner of Inspections on June 6, 2002, and November 5, 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

MONETARY IMPACT OF REPORT NO.: OAS-L-03-02

1. Title of Audit: Audit of Project Management Practices in the Office of Science

2. Region/Office: Science, Energy, Technology, and Financial Audits

3. Project No.: A02CG032

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					
	N/A				N/A			N/A		
TOTALS--ALL FINDINGS		\$ 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] 11/8/02

[Signature] 11/14/02

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

Report run on: November 5, 2002 2:06 PM

Audit#: A02CG032 Ofc: GRA Title: PROJECT MGMT PRACTICES OFFICE OF SCIENCE

**** Milestones ****

	Profile	Planned End of Survey	Revised	Actual	
Entrance Conference:	01-JUN-02	18-JUN-02	18-JUN-02	18-JUN-02	
Survey Completed:	01-AUG-02	27-SEP-02	27-SEP-02	27-SEP-02	
Field Work Complete:					
Draft Report Issued:					
Exit Conference:					
Completed with Report:	07-JAN-03	07-OCT-02	17-JAN-03	21-OCT-02	(R)
-----Elapsed Days	220	111	214	125	
-----Staff Days:	400	0		261	
Date Suspended:		Date Terminated:			
Date Reactivated:		Date Cancelled:			
DaysSuspended(Cur/Tot):	0 ()	Report Number:	OAS-L-03-02	
Rpt Title: AUDIT OF PROJECT MANAGEMENT PRACTICES IN THE OFFICE OF SCIENCE					

**** Audit Codes and Personnel ****

Aud Type: EAE	ECONOMY & EFFICIENCY			
Category: MPA	MULTIPROGR. ACTIVITY	AD:	530	MAJANE
DOE-Org: HST	HEADQUARTERS, OFFICE	AIC:	670	BOOS
Maj Iss: 009	CONTRACT/GRANT ADMIN	HDQ-Mon:	421	SCHULMAN
Site: MSA	MULTI-SITE AUDIT	ARM:	459	COLLARD

**** 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 ****

<u>Emp/Cont Name</u>	<u>Numdays</u>	<u>Last Date</u>
YI, J	.3	02-NOV-02
MAJANE, K	36	02-NOV-02
SHAULL, K	41.1	02-NOV-02
CARNEY, M	45.3	06-SEP-03
BLEIGH, S	62.1	
BOOS, B	76	19-OCT-02
Total:	260.8	

AUDIT DATABASE INFORMATION SHEET

1. Project No.: A02CG032
2. Title of Audit: Audit of Project Management Practices in the Office of Science
3. Report No./Date: OAS-L-03-02, November 4, 2002
4. Management Challenge Area: Project Management
5. Presidential Mgmt Initiative: N/A
6. Secretary Priority/Initiative: N/A
7. Program Code: MPA
8. Location/Sites: Headquarters, Oakridge National Laboratory (ORNL), Fermi National Accelerator Laboratory (FNAL)
9. Finding Summary:

Based on the results of our limited review of four projects, nothing came to our attention to indicate that the Office of Science (Science) had not implemented sound project management practices. Our survey work identified minor concerns in the areas of contingency, status verification and reporting, cost estimating, and management teams. These areas were discussed with officials from Science's construction management support division during an exit conference conducted on October 7, 2002.

10. Keywords:

- Project management
- Office of Science
- Science
- MPA
- ORNL
- FNAL
- Fermi