

Memorandum

OFFICE OF INSPECTOR GENERAL



DATE: **AUG 14 2003**

REPLY TO

ATTN OF: IG-34 (A03CH001)

Audit Report Number: OAS-L-03-19

SUBJECT: Audit of Recurring Acquisitions at the Chicago Operations Office

TO: Manager, Chicago Operations Office

The purpose of this report is to inform you of the results of our review of acquisitions at the Chicago Operations Office. The review was initiated in May 2003 and fieldwork was conducted through July 2003 at the Chicago Operations Office. The audit methodology is described in an attachment to this report.

INTRODUCTION AND OBJECTIVE

The Chicago Operations Office awards contracts and interagency agreements in support of the Department of Energy's mission. Award of these instruments is to be accomplished in accordance with Federal and Departmental regulations. In addition, the Department has established performance targets for the application of performance measures in service contracts. Our objective was to determine whether controls are in place to ensure acquisitions are adequately competed, comply with Federal and Departmental directives, and contain appropriate performance measure attributes.

CONCLUSION AND OBSERVATIONS

Nothing came to our attention to indicate that untested acquisitions were not in compliance with applicable regulations and guidance. Specifically, the audit did not identify any significant deviation from prescribed procurement practices for the sampled contracts and interagency agreements.

Since no recommendations are being made, a formal response is not required. We appreciate the cooperation of the Chicago Operations Office staff during the audit.

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

cc: Audit Liaison, Chicago Operations Office
Team Leader, Audit Liaison, ME-1.1

METHODOLOGY

The audit was conducted at the Chicago Operations Office. Assessment was performed for a judgmental sample of nineteen contracts and interagency agreements with a total award value of \$164 million, from a universe of 107 in effect during Fiscal Year 2002 with a total award value of \$2.1 billion. Reviews of acquisition files and discussions with acquisition staff were performed during the audit in assessing attributes that included: appropriate type of contract; competitive status; award justification; and performance measures.

The audit was performed according to generally accepted Government auditing standards for financial related audits and included test of internal controls and compliance with laws and regulations to the extent necessary to satisfy the objective. Because our audit survey was limited, it would not have disclosed all internal control deficiencies that may have existed.

We discussed the audit results with the Chicago Operations Office's Assistant Manager for Acquisitions and Assistance during an exit conference on July 31, 2003.

United States Government

Department of Energy

memorandum

DATE: AUG 19 2003

REPLY TO:
ATTN OF: IG-34 (A03CH001)

SUBJECT: Final Report Package for "Audit of Recurring Acquisitions at the Chicago Operations Office"

Audit Report Number:

TO: Frederick D. Doggett, 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: 69

Actual Elapsed days: 92

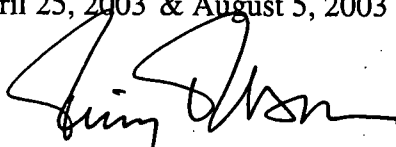
2. Names of OIG and/or contractor audit staff:

Assistant Director: George W. Collard
Team Leader: Lindell J. Williams
Auditor-in-Charge: Tom Van Deven

3. Coordination with Investigations and Inspections:

Investigations: Yvette Milam
May 17, 2003 & August 12, 2003

Inspections: Henry Minner
April 25, 2003 & August 5, 2003



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.:1. Title of Audit: Audit of Recurring Acquisitions at the Chicago Operations Office2. Division: Science, Energy, Technology, and Financial Audits3. Project No.: A03CH001

4. Type of Audit:

Financial: _____

Performance: X

Financial Statement _____

Economy and Efficiency _____

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					
	No Findings				N/A			N/A		
TOTALS--ALL FINDINGS										

6. Remarks: Audit report contains no reportable potential monetary impact.

7. Contractor: _____


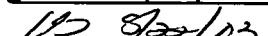
10. Approvals:

8. Contract No.: _____

Division Director & Date

9. Task Order No.: _____

Technical Advisor & Date

 8/19/03
 8/20/03

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

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Report run on: August 15, 2003 10:56 AM

Audit#: A03CH001 Ofc: CHA Title: CONTROLS OVER RECURRING ACQUISITIONS

**** Milestones ****

	Planned	End of Survey	Revised	Actual
Entrance Conference:.....	01-APR-03		07-MAY-03	07-MAY-03
Survey:.....			30-JUL-03	30-JUL-03
Draft Report:.....				
Completed (With Report):.	01-OCT-03	30-JUL-03	22-AUG-03	()
-----Elapsed Days:	183	84	107	100

Date Suspended: Date Terminated:
Date Reactivated: Date Cancelled:
DaysSuspended (Cur/Tot): () Report Number:
Rpt Title: Report Type: Not Found

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

Class: PER PERFORMANCE
Program: Not Found
MgtChall: Not Found
Site: Not Found
SecMiss: Not Found
PresInit: Not Found
AD: 459 COLLARD
AIC: 478 VAN DEVEN
Team Ldr: 96 WILLIAMS
Tech Adv: 421 SCHULMAN

**** Task Information ****

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

**** Time Charges ****

Emp/Cont Name	Numdays	Last Date
BATSON, C	2.8	14-JUN-03
WILLIAMS, L	15.0	26-JUL-03
VAN DEVEN, T	51.4	26-JUL-03
Total:	69.2	

**** Keywords ****

Office of the Inspector General (OIG)

Audit Project Office Summary (APS)

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Report run on:

August 15, 2003 10:56 AM

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**** Location Information ****
Loc. Code Description

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CHO CHICAGO OPERATIONS OFFICE
ORO OAK RIDGE OPERATIONS OFFI

<u>Find#</u>	<u>Title</u>	<u>Type</u>	<u>Amount</u>	<u>Yrs</u>	<u>Bud Imp</u>	<u>Mgt Pos</u>	<u>Dept Pos</u>	<u>Dept Amount</u>	<u>Dept Date</u>
****Finding Information ****									

AUDIT DATABASE INFORMATION SHEET

1. Project No.: A03CH001
2. Title of Audit: Audit of Recurring Acquisitions at the Chicago Operations Office
3. Report No./Date: OAS-L-03-19, August 14, 2003
4. Management Challenge Area: Contract Management
5. Presidential Mgmt Initiative: Budget and Performance Integration
6. Secretary Priority/Initiative: No
7. Program Code: MA
8. Location/Sites: Chicago Operations Office, Argonne, IL.
9. Finding Summary: No indications of impropriety were identified during the review of contracts and interagency agreements.
10. Keywords:
 - Contracts
 - Interagency Agreements
 - Federal Acquisition Regulations
 - DEAR
 - Support Service Contracts