



U.S. DEPARTMENT OF ENERGY

Office of Inspector General

DOE-OIG-26-15

March 2, 2026

UChicago Argonne, LLC's Costs Incurred and Claimed for Fiscal Years 2021 and 2022 Under Contract No. DE-AC02-06CH11357



AUDIT REPORT



Department of Energy
Washington, DC 20585

March 2, 2026

MEMORANDUM FOR THE CONTRACTING OFFICER, ARGONNE SITE OFFICE,
OFFICE OF SCIENCE

SUBJECT: Audit Report: *UChicago Argonne, LLC's Costs Incurred and Claimed for Fiscal Years 2021 and 2022 Under Contract No. DE-AC02-06CH11357*

The Office of Inspector General contracted with the Defense Contract Audit Agency (DCAA) to audit UChicago Argonne, LLC's costs incurred and claimed for fiscal years 2021 and 2022, under management and operating contract No. DE-AC02-06CH11357, to determine if costs charged were allowable, allocable, and reasonable in accordance with applicable laws, regulations, and contract terms. The DCAA performed the audit in accordance with generally accepted government auditing standards.

The DCAA identified four audit findings and questioned over \$13 million in indirect and direct costs, including \$11,487,044 in performance fees. The performance fees represented a contractual incentive paid by the Department of Energy and were questioned by the DCAA because UChicago Argonne, LLC included the fee as a cost in the General and Administrative pool. The DCAA reconciled the performance fees to the general ledger, and the Department determined that the contractor was entitled to the earned fee. The DCAA also questioned \$1,176,949 in Board of Governors expenses that were greater than the final approved expenses. Further, the DCAA questioned \$47,183 in executive salaries that were more than the statutory compensation ceiling. Lastly, it questioned \$511,724 of direct laboratory purchase order/subcontract costs with universities because the costs were not incurred specifically for the contract.

The DCAA is responsible for the attached audit report dated June 6, 2025, and the conclusions expressed therein. The Office of Inspector General did not express an independent opinion on UChicago Argonne, LLC's costs incurred and claimed for fiscal years 2021 and 2022.

UChicago Argonne, LLC management provided comments, which are included in the report. However, pursuant to Public Law 117-263, Section 5274, UChicago Argonne, LLC has 30 days from the date of publication of this report on our website to submit an optional written response to OIG.Reports@hq.doe.gov for the purpose of clarifying or providing additional context to any specific reference. The response will be posted on our public website. If the response contains any classified or other nonpublic information, the response should clearly identify the portions that need to be redacted and should provide a legal basis for the proposed redactions.

We appreciated the cooperation of your staff during the audit.

A handwritten signature in blue ink, appearing to read 'MDD', with a long horizontal stroke extending to the right.

Matthew D. Dove
Assistant Inspector General
for Audits
Office of Inspector General

cc: Deputy Secretary
Chief of Staff

DOE OIG HIGHLIGHTS

UChicago Argonne, LLC's Costs Incurred and Claimed for Fiscal Years 2021 and 2022 Under Contract No. DE-AC02-06CH11357

Why The Audit Was Performed

This audit was performed by the Defense Contract Audit Agency (DCAA) on behalf of the Department of Energy's Office of Inspector General and examined UChicago Argonne, LLC's costs incurred and claimed for fiscal years 2021 and 2022 at the Argonne National Laboratory, under management and operating contract No. DE-AC02-06CH11357.

The audit's objective was to determine if costs charged were allowable, allocable, and reasonable in accordance with applicable laws, regulations, and contract terms.

The DCAA performed the audit in accordance with generally accepted government auditing standards.

What the Audit Found

The DCAA identified four audit findings and questioned over \$13 million in indirect and direct costs, including \$11,487,044 in performance fees. The performance fees represented a contractual incentive paid by the Department and were questioned by the DCAA because UChicago Argonne, LLC included the fee as a cost in the General and Administrative pool. The DCAA reconciled the performance fees to the general ledger, and the Department determined that the contractor was entitled to the earned fee. The DCAA also questioned: (1) \$1,176,949 in Board of Governors expenses that were greater than the final approved expenses; (2) \$47,183 in executive salaries that were more than the statutory compensation ceiling; and (3) \$511,724 of direct laboratory purchase order/subcontract costs with universities because the costs were not incurred specifically for the contract.

What the Audit Recommends

If the issues identified by the DCAA are fully addressed, it should help ensure that costs charged to the Department are allowable, allocable, and reasonable in accordance with contract terms. We recommend that the contractor coordinate with the contracting officer to resolve the questioned costs identified in this report.

How the Contractor Responded

UChicago Argonne, LLC did not concur with the questioned costs and stated that like all management and operating contractors, it follows longstanding practices and Departmental guidance on performance fees and handles Board of Governors expenses per its contract.

FEEDBACK

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