



U.S. DEPARTMENT OF ENERGY

Office of Inspector General

DOE-OIG-26-20

March 6, 2026

Fermi Research Alliance, LLC's Costs Incurred and Claimed for Fiscal Years 2021 and 2022 Under Contract No. DE-AC02-07CH11359



AUDIT REPORT



Department of Energy
Washington, DC 20585

March 6, 2026

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

SUBJECT: Audit Report: *Fermi Research Alliance, LLC's Costs Incurred and
Claimed for Fiscal Years 2021 and 2022 Under Contract No. DE-AC02-07CH11359*

The Office of Inspector General contracted with the Defense Contract Audit Agency (DCAA) to audit Fermi Research Alliance, LLC's costs incurred and claimed for fiscal year 2021 and 2022 at the Fermi National Accelerator Laboratory, under management and operating contract No. DE-AC02-07CH11359, 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 two audit findings and questioned approximately \$9.9 million in performance award fees and \$142,463 in direct costs. Specifically, the DCAA questioned performance award fees in the General and Administrative pool. The DCAA questioned the performance award fees, which represented a contractual incentive paid by the Department because the fee was included as a cost in the General and Administrative pool. The DCAA reconciled the proposed fee amount to the general ledger and the Department of Energy determined that the contractor was entitled to the earned fee. The DCAA also questioned labor costs due to claimed triple-time pay for employees working on holidays, which exceeded allowable pay of double-time. In addition, the DCAA reported two scope limitations because real-time testing was not performed, which resulted in unresolved risk that could materially affect: (1) labor costs and (2) direct materials and supplies costs.

The DCAA is responsible for the attached audit report dated March 28, 2025, and the conclusions expressed therein. The Office of Inspector General did not express an independent opinion on the Fermi National Accelerator Laboratory's costs incurred and claimed for fiscal years 2021 and 2022.

The Fermi National Accelerator Laboratory management provided comments, which are included in the report. However, pursuant to Public Law 117-263, Section 5274, Fermi Research Alliance, 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.



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

cc: Deputy Secretary
Chief of Staff

DOE OIG HIGHLIGHTS

Fermi National Accelerator Laboratory's Costs Incurred and Claimed for Fiscal Years 2021 and 2022 Under Contract No. DE-AC02-07CH11359

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, which examined Fermi Research Alliance, LLC's costs incurred and claimed for fiscal years 2021 and 2022 at the Fermi National Accelerator Laboratory, under management and operating contract No. DE-AC02-07CH11359.

The audit's objective was to determine if costs charged to Department Contract No. DE-AC02-07CH11359 for fiscal years 2021 and 2022 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 two audit findings and questioned approximately \$9.9 million in performance award fees and \$142,463 in direct costs. Specifically, the DCAA questioned performance award fees in the General and Administrative pool. The DCAA questioned the performance award fees, which represented a contractual incentive paid by the Department because the fee was included as a cost in the General and Administrative pool. The DCAA reconciled the proposed fee amount to the general ledger, and the Department determined that the contractor was entitled to the earned fee. The DCAA also questioned labor costs due to claimed triple-time pay for employees working on holidays, which exceeded allowable pay of double-time. In addition to the questioned costs noted, the DCAA reported two scope limitations because real-time testing was not performed, which resulted in unresolved risk that could materially affect: (1) labor costs and (2) direct materials and supplies costs.

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

The Fermi National Accelerator Laboratory acknowledged receipt of the audit findings and stated that it was withholding further comments pending discussions with the contracting officer.