



U.S. DEPARTMENT OF ENERGY

Office of Inspector General

DOE-OIG-26-26

March 24, 2026

Fluor Federal Petroleum Operations, LLC's Costs Incurred and Claimed for Fiscal Years 2017 Through 2020 Under Contract No. DE-FE0011020



AUDIT REPORT



Department of Energy
Washington, DC 20585

March 24, 2026

MEMORANDUM FOR THE CONTRACTING OFFICER, STRATEGIC PETROLEUM
RESERVE PROJECT OFFICE

SUBJECT: Audit Report: *Fluor Federal Petroleum Operations, LLC's Costs Incurred and Claimed for Fiscal Years 2017 Through 2020 Under Contract No. DE-FE0011020*

The Office of Inspector General contracted with CohnReznick LLP (CohnReznick) to audit Fluor Federal Petroleum Operations, LLC's (FFPO) costs incurred and claimed for fiscal years 2017 through 2020, under management and operating contract No. DE-FE0011020, to determine if costs charged were allowable, allocable, and reasonable in accordance with applicable laws, regulations, and contract terms. CohnReznick performed the audit in accordance with generally accepted government auditing standards.

CohnReznick questioned approximately \$122,000 of fiscal year 2020-claimed operating expenses per the Federal Acquisition Regulation 31.201-2, "Determining allowability," and the Federal Acquisition Regulation 31.201-6, "Accounting for unallowable costs." The questioned amounts were identified as subcontract costs and represented potential monthly home office expense allocations from Fluor Government Group Headquarters. CohnReznick also recommended that FFPO amend its policies and procedures to ensure compliance with contract terms.

CohnReznick is responsible for the attached audit report dated June 9, 2025, and the conclusions expressed therein. The Office of Inspector General did not express an independent opinion on FFPO's fiscal years 2017 through 2020 Statement of Costs Incurred and Claimed submissions.

FFPO management provided comments, which are included in the report. However, pursuant to Public Law 117-263, Section 5274, the contractor 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 horizontal line 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

Fluor Federal Petroleum Operations, LLC's Costs Incurred and Claimed for Fiscal Years 2017 Through 2020 Under Contract No. DE-FE0011020

Why the Audit Was Performed

This audit was performed by CohnReznick LLP (CohnReznick) on behalf of the Department of Energy's Office of Inspector General and examined Fluor Federal Petroleum Operations, LLC's (FFPO) costs incurred and claimed for fiscal years 2017 through 2020 under management and operating contract No. DE-FE0011020.

The audit's objective was to determine if costs charged to Department contract No. DE-FE0011020 for fiscal years 2017 through 2020 were allowable, allocable, and reasonable in accordance with applicable laws, regulations, and contract terms.

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

What the Audit Found

CohnReznick questioned approximately \$122,000 of fiscal year 2020-claimed operating expenses per the Federal Acquisition Regulation (FAR) 31.201-2, "Determining allowability," and FAR 31.201-6, "Accounting for unallowable costs." The questioned amounts were identified as subcontract costs and represented potential monthly home office expense allocations from Fluor Government Group Headquarters.

What the Audit Recommends

CohnReznick recommended that FFPO amend its policies and procedures to ensure compliance with contract terms, the FAR cost principles, and standards promulgated by the Cost Accounting Standards Board. We also recommend that the contractor work with the contracting officer to resolve the questioned costs.

How the Contractor Responded

FFPO nonconcurred that the questioned costs are home office allocations and considers these costs to be in compliance with contract terms, FAR cost principles, and standards promulgated by the Cost Accounting Standards Board. FFPO should work with the Strategic Petroleum Reserve Project Office to address the concerns and questioned costs.

FEEDBACK

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