



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

AUDIT REPORT

Audit of Costs Incurred Under the Department of Energy's International Nuclear Cooperation Program Interagency Agreements With the Department of State

OAS-FS-15-09

February 2015



Department of Energy
Washington, DC 20585

February 24, 2015

MEMORADUM FOR THE ASSISTANT SECRETARY FOR NUCLEAR ENERGY AND
THE ACTING DIRECTOR, OFFICE OF SCIENCE

A handwritten signature in black ink, appearing to read "Rickey R. Hass".

FROM: Rickey R. Hass
Deputy Inspector General
for Audits and Inspections
Office of Inspector General

SUBJECT: INFORMATION: Audit Report on "Audit of Costs Incurred Under the
Department of Energy's International Nuclear Cooperation Program
Interagency Agreements With the Department of State"

BACKGROUND

The attached report presents the results of the audit of Costs Incurred under the Department of Energy's (Department) International Nuclear Cooperation Program Interagency Agreements with the Department of State. The Office of Inspector General contracted with an independent certified public accounting firm, KPMG, LLP (KPMG), to determine the allowability, allocability and reasonableness of direct project costs incurred related to the International Nuclear Cooperation Program in accordance with Federal Acquisition Regulation, and to determine whether the auditees complied with the applicable requirements in the Department of State Interagency Agreement related to the International Nuclear Cooperation Program fiscal years (FY) 2010 through 2013.

The International Nuclear Cooperation Program is authorized through an interagency agreement between the Department of State and the Department. The Program activities are executed by the following Department-owned laboratories: Pacific Northwest National Laboratory, Argonne National Laboratory, and Idaho National Laboratory.

The activities authorized for the International Nuclear Cooperation Program relate to technical assistance and equipment provided by the Laboratories to Armenia, Ukraine and Kazakhstan. Specifically, activities relate to reactor safety and protection system hardware upgrades, administrative guideline and operational procedure development and implementation, training technology transfer, and continued support for technical training initiatives at each location.

RESULTS OF AUDIT

KPMG concluded that except for certain issues outlined in its report, total project costs incurred during FYs 2010 through 2013 related to the International Nuclear Cooperation Program were

allowable, allocable and reasonable, in accordance with the applicable Federal Acquisition Regulation, interagency agreement terms and conditions, and other applicable requirements. KPMG noted the following exceptions as part of its work at the Argonne National Laboratory:

- **Noncompliance with the Federal Travel Regulation:** Argonne National Laboratory allowed for the reimbursement of 100 percent of per diem rates for meals and incidentals on the first and last days of travel rather than the 75 percent indicated in the Federal Travel Regulation. Additionally, one instance was noted that the incorrect per diem rate was used.
- **Insufficient Supporting Documentation:** One instance was noted that insufficient supporting documentation could not be provided to support travel costs incurred.
- **Effort Reporting Time Sheets:** Eight transactions were selected to test labor costs incurred by Argonne National Laboratory under the International Nuclear Cooperation Program. Time sheets related to six of the eight transactions did not evidence supervisory review or approval sign-off. Furthermore, time sheets related to four of the eight transactions did not contain evidence showing the employee's certification.

RECOMMENDATIONS

A number of recommendations were made to address the exceptions noted above. Specifically, it was recommended that the Manager, Argonne Site Office direct the Manager, Argonne National Laboratory to:

1. Establish appropriate controls to ensure unreasonable costs are adjusted or removed from costs incurred under Federal contracts.
2. Establish appropriate measures to:
 - a. Ensure sufficient lodging evidence is retained to support the related daily per diem claimed and to validate that the individual was physically present in the travel location;
 - b. Ensure per diem costs claimed on a Federal contract/program are calculated using the authorized daily per diem rate for the location and time period of travel; and
 - c. Ensure receipts from foreign locations are properly translated and maintained with the related receipts to ensure the evidence clearly supports the related costs charged to the Government.
3. Enact appropriate measures that emphasize the importance of properly certifying time sheets and effort reporting, prior to submission.
4. Remind supervisors to thoroughly review both detailed time sheets and effort reporting time sheets and to evidence their approval prior to payment processing.

MANAGEMENT RESPONSE

Response to Recommendation 1: For travel of this nature, the Argonne Site Office and Argonne National Laboratory do not believe that the costs are unreasonable. Argonne National Laboratory uses Chapter 302 of the Federal Travel Regulation, which is applied consistently across the Laboratory complex.

Response to Recommendations 2a and 2b: The Argonne Site Office and Argonne National Laboratory concur with the recommendation and the Laboratory has already taken action to correct the excess per diem issue.

Response to Recommendation 2c: The Argonne Site Office and Argonne National Laboratory do not concur with the finding and recommendation. While the receipt does not explicitly identify the charge, supporting documentation provides a reasonable basis the charge is valid and the expense is approvable. Argonne National Laboratory does not have the ability to impose specific language on receipts supplied by other organizations.

Response to Recommendations 3 and 4: The Argonne Site Office believes that both the finding and recommendation have been resolved, necessitating no further action. In early FY 2014, Argonne National Laboratory implemented a new time and effort reporting system called Dayforce. Time associated with project tasks is entered and submitted by each employee on a weekly basis. The time sheet is then routed electronically to the employee's supervisor for review and authorization. Supervisor approval is required for all employee time prior to the effort getting posted into Argonne National Laboratory's accounting system and the employee getting paid.

Management's responses are included in the Independent Auditors Report.

AUDITOR COMMENTS

In response to management's comments on Recommendation 1, we acknowledge that the noted transactions were all cases involving extended travel as opposed to business travel. We further acknowledge management's reference to Chapter 302 of the Federal Travel Regulation as the basis of stating full per diem is appropriate for first and last day of travel. However, our interpretation of the referenced policy is that the first and last day of travel should be charged at 75 percent of the fully allowable per diem rate. As for management's comments on Recommendation 2c, the audit team was unable to verify the nature of the charges based upon the provided receipt, due to it being stated in a foreign language. Although additional documentation was provided that speculated the nature and purpose of the costs incurred, the lack of a valid, legible receipt compels us to question the allowability of the related claimed cost.

Management's comments to Recommendations 2a, 2b, 3 and 4 are responsive to our recommendations. The description of the implemented Dayforce system appears to address the process of evidencing employee and supervisory review and the certification of submitted time sheets.

PERFORMANCE AUDIT

KPMG conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards* issued by the Comptroller General of the United States and the Department's Office of Inspector General Audit Manual as appropriate. *Generally Accepted Government Auditing Standards* require that KPMG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objective.

The Office of Inspector General monitored the progress of the audit and reviewed the report and related documentation. Our review disclosed no instances in which KPMG did not comply, in all material respects, with the audit requirements. KPMG is responsible for the attached report dated December 3, 2014, and the conclusions expressed in the report.

Attachment

cc: Deputy Secretary
Under Secretary for Science and Energy
Chief of Staff

Performance Audit

*Audit of Costs Incurred under the Department
of Energy's International Nuclear Cooperation
Program (INCP) Interagency Agreements with
the Department of State*

Fiscal Year 2010 – Fiscal Year 2013

For the U.S. Department of Energy

Auditee(s): Pacific Northwest National Laboratory
Argonne National Laboratory

As of Date: December 3, 2014

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KPMG LLP
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1801 K Street, NW
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EXECUTIVE SUMMARY

December 3, 2014

Mr. Earl Omer
Contracting Officer's Representative
U.S. Department of Energy
Office of Inspector General
1617 Cole Boulevard
Golden, CO 08401

Dear Mr. Omer:

This report presents the results of our Project Cost Verification audit related to the International Nuclear Cooperation Program (INCP). Our performance audit objectives were to assess 1) the allowability, allocability and reasonableness of costs incurred for activities related to the INCP in accordance with applicable FAR Part 31, *Contract Cost Principles and Procedures*, Subpart 31.2, *Contracts with Commercial Organizations*, IAG terms and conditions, and other applicable requirements; and 2) the Auditees' compliance with applicable requirements within the U.S. Department of State interagency agreement (IAG) related to the INCP. Our work was performed during the period November 13, 2013 to December 3, 2014, and our results, reported herein, are as of December 3, 2014.

Our audit services were completed through the following phases:

1. Phase 1 – Planning Phase

Work Order No. OIG 2014-01 was authorized on November 13, 2013, to complete planning activities to fully scope our audit plan and approach for auditing INCP costs-incurred and assessing compliance with the IAGs. Specifically, our planning procedures were to understand the activities and costs incurred by the following DOE laboratories related to the INCP:

- Pacific Northwest National Laboratory (PNNL)
- Argonne National Laboratory (ANL)
- Idaho National Laboratory (INL)

2. Phase 2 – Audit Execution Phase

Work Order No. OIG 2014-07 was authorized on March 6, 2014, to complete our audit plan completed under Work Order No. OIG 2014-01. The results of our completed performance audit procedures are presented within this audit report.



We conducted this performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and audit results related to our audit objectives. We believe that our completed audit procedures and the related evidence obtained satisfies our audit objectives and provides a reasonable basis for our findings and audit results.

In determining the allowability, allocability, and reasonableness of direct project costs, we assessed the costs incurred related to the INCP against the applicable requirements of the Federal Acquisition Regulation (FAR) Part 31, *Contract Cost Principles and Procedures*, Subpart 31.2, *Contracts with Commercial Organizations* (FAR 31.2).

Contractors are responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract/award, and comply with applicable cost principles and relevant Federal regulations. An invoice or reimbursement billing to the Government represents a claim for the costs incurred. The cognizant contracting officer may disallow all or part of claimed costs that are inadequately supported.

Cost Summary:

Our audit scope included assessing the allowability and reasonableness of costs incurred during FY2010 through FY2013. During our Planning Phase activities, we confirmed with the DOE-Office of Nuclear Energy that INL received no direct Department of State funding for INCP activities during FY2010 through FY2013. Therefore, INL was excluded from the scope of this performance audit.

The following table, and **Appendix A, Summary of Audited INCP Costs**, summarizes INCP costs incurred by PNNL and ANL during the period between FY2010 through FY2013:

Auditee	FY 2010	FY 2011	FY 2012	FY 2013	Total
PNNL	\$ 4,880,006	\$ 2,414,925	\$ 2,427,687	\$ 6,084,232	\$ 15,806,850
ANL	\$ 352,980	\$ 665,121	\$ 770,408	\$ 918,463	\$ 2,706,972
Total INCP Costs	\$ 5,232,986	\$ 3,080,046	\$ 3,198,095	\$ 7,002,695	\$ 18,513,822

Findings:

We selected statistical samples for testing direct costs charged to the INCP program by both PNNL and ANL, to test for allowability, allocability, and reasonableness of costs charged.

We noted no exceptions related to our statistical sample testing of INCP costs incurred by PNNL.

For ANL, our sample results indicated that for all of the Relocation sample items, ANL allowed for reimbursement of 100 percent of per diem rates for meals and incidentals on the first and last days of travel, rather than 75 percent, as indicated in the Federal Travel Regulations, and thus we questioned \$57.50 in claimed Relocation costs charged to the INCP. In addition, our testing of Seminars/Honorarium costs resulted in two exceptions where an incorrect per diem rate was used, and sufficient supporting documents were not retained, resulting in questioned costs totaling \$188.50, as discussed in **Finding No. 2014-07-IG-NFR-1**. We also noted that in our Labor cost sample, for six of the eight transactions selected, we found timesheets without supervisory review or approval; and four



transactions that included timesheets without employee certifications. Please refer to **Finding No. 2014-07-IG-NFR-02** for additional details.

* * * * *

Based upon the performance audit procedures performed and the results obtained, we have met our audit objectives. We conclude that except for the findings noted above, total direct project costs incurred during FY2010 through FY2013 related to the INCP, were determined to be allowable, allocable and reasonable, in accordance with the applicable FAR Part 31, *Contract Cost Principles and Procedures*, Subpart 31.2, *Contracts with Commercial Organizations*, IAG terms and conditions, and other applicable requirements.

We determined that the IAGs were the contracting vehicles used to authorize specified amounts of funding for the INCP. The IAGs did not include specific terms or conditions for the DOE laboratories, i.e., the Auditees, to comply with. Under the IAG, each laboratory provides relevant information to DOE and the U.S. Department of State during the performance year, where and when required. Based on our review of the laboratory reporting under the IAG, we were able to conclude that the Auditees complied with requests for INCP-related information during the annual budget review process and through submission of quarterly status reports.

This performance audit did not constitute an audit of financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. KPMG was not engaged to, and did not render an opinion on the Auditees' internal controls over financial reporting or over financial management systems.

This report is intended solely for the information and use of the U.S. Department of Energy Office of the Inspector General. The report is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

KPMG LLP

BACKGROUND

Program Overview

The International Nuclear Cooperation Program (INCP) is a program action authorized through an interagency agreement (IAG) between the US Department of State and DOE. The program activities are executed by the following DOE-owned laboratories: 1. Pacific Northwest National Laboratory (PNNL); 2. Argonne National Laboratory (ANL); and 3. Idaho National Laboratory (INL).

The activities authorized for the INCP relate to technical assistance and equipment provided by the laboratories to Armenia, Ukraine and Kazakhstan. Specifically, activities relate to reactor safety and protection system hardware upgrades, administrative guideline and operational procedure development and implementation, training technology transfer, and continued support for technical training initiatives at each location.

Auditee Overview

PNNL and ANL are among the ten U.S. Department of Energy (DOE) national laboratories overseen by DOE's Office of Science.

PNNL currently has approximately 4,400 employees. The main campus located in Richland, Washington includes laboratories and specialized equipment as well as the William R. Wiley Environmental Molecular Sciences Laboratory, a DOE Office of Science national scientific user facility. In addition to the Richland campus, PNNL operates a marine research facility in Sequim, Washington; and satellite offices in Seattle and Tacoma, Washington; Portland, Oregon; and Washington, D.C.

ANL currently has approximately 3,350 employees and its main campus is located in Argonne, IL. ANL is involved in scientific and engineering activities relating to areas involved with clean energy, the environment, technology and national security.

Project Costs

The following table summarizes INCP costs incurred by PNNL and ANL during the period FY2010 through FY2013:

Auditee	FY 2010	FY 2011	FY 2012	FY 2013	Total
PNNL	\$ 4,880,006	\$ 2,414,925	\$ 2,427,687	\$ 6,084,232	\$ 15,806,850
ANL	\$ 352,980	\$ 665,121	\$ 770,408	\$ 918,463	\$ 2,706,972
Total INCP Costs	\$ 5,232,986	\$ 3,080,046	\$ 3,198,095	\$ 7,002,695	\$ 18,513,822

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The audit objectives were to 1) determine the allowability, allocability and reasonableness of direct project costs incurred related to the INCP in accordance with Federal Acquisition Regulation (FAR) Part 31, *Contract Cost Principles and Procedures*, Subpart 31.2, *Contracts with Commercial*

Organizations (FAR 31.2), and 2) to determine whether the Auditees complied with the applicable requirements in the IAG related to the INCP.

According to FAR 31.2, project costs are allowable and allocable when the costs comply with all the following requirements:

1. Reasonableness – A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business.
2. Allocability – A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship.
3. Standards promulgated by the Cost Accounting Standards (CAS) Board, if applicable, otherwise, generally accepted principles and practices (GAAP) appropriate to the circumstances.
4. Terms of the interagency agreement (IAG), as applicable.
5. Any limitations set forth in FAR Subpart 31.2.

A Federal contractor or awardee is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract/award, and comply with applicable cost principles and relevant Federal regulations. An invoice or reimbursement billing to the government represents a claim for the costs incurred. The contracting officer may disallow all or part of a claimed cost that is inadequately supported.

Scope

The scope of this performance audit was to review PNNL and ANL's actual direct costs incurred during FY2010 through FY2013, to determine the allowability, allocability, and the reasonableness. We confirmed with the DOE-Office of Nuclear Energy that the Idaho National Laboratory (INL) received no direct Department of State funding for INCP activities during FY2010 through FY2013. Therefore, INL was excluded from the scope of this performance audit.

We reviewed the following areas of incurred direct costs for allowability, allocability, and reasonableness:

PNNL Cost Elements	ANL Cost Elements
<ul style="list-style-type: none"> ▪ Direct Labor ▪ Travel ▪ Procurement ▪ Subcontracts 	<ul style="list-style-type: none"> ▪ Direct Labor ▪ Travel ▪ Purchase Order Subcontract Costs (POSC) ▪ Seminars & Conferences ▪ Relocations & Transfers

In addition to the direct INCP project costs listed above, we also applied the following audit procedures, to both PNNL and ANL, to assess the indirect costs incurred during FY2010 through FY2013:

- Reviewed relevant cost accounting policies and procedures to understand the indirect rate methodologies. We also reviewed the Disclosure Statements prepared for each fiscal year period within our scope.

- Confirmed the Auditees' practices for establishing provisional rates and for monitoring actual indirect costs.
- Performed recalculation of incurred indirect costs for the INCP project.

In addition to assessing the allowability, allocability and reasonableness of costs incurred for the INCP, our audit objectives also included confirming whether the Auditees were operating in substantial compliance with applicable requirements of the IAGs. Our review of the IAGs found that no specific compliance requirements were placed upon PNNL or ANL, other than supplying INCP-related information during the annual budget process and the submission of quarterly status reports. Therefore, for purposes of meeting our audit objectives, we obtained an understanding of PNNL and ANL activities to support U.S. Department of State inquiries and requests related to INCP activities.

We conducted our performance audit in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results based on our audit objectives.

In performing our procedures, we considered the Auditees' accounting system and internal controls as related to our audit objectives; however, we were not engaged to, and did not render an opinion on the Auditees' internal controls over financial reporting or over financial management systems.

The Auditees' are responsible for establishing and maintaining an acceptable accounting system, including internal controls, for accumulating costs under Government financial assistance grants and for meeting Award cost share requirements. Our responsibility is to provide findings and recommendations based on the results of our performance audit.

Methodology

As part of the audit of the Auditees' invoiced costs we:

- Reviewed the related IAGs between the U.S. Department of State and the DOE.
- Reviewed applicable rules, regulations, and guidance, as necessary.
- Interviewed the Auditees' management regarding policies and procedures for:
 - Charging of salaried personnel to the project and calculation of resulting labor costs.
 - Segregation and accumulation of direct versus indirect costs for non-labor costs.
 - Segregation and accumulation of allowable versus unallowable costs.
- Selected a statistical sample of direct INCP costs incurred for the period during FY2010 through FY2013. The statistical sample was based on a confidence level of 90 percent and a precision rate of plus/minus 5 percent. Samples were tested for allowability, allocability, and reasonableness, verification to supporting documentation, and determining exclusion of unallowable costs.
- In order to assess indirect costs incurred on the INCP project, we performed the following audit procedures:
 - Reviewed relevant cost accounting policies and procedures to understand the indirect rate methodologies. We also reviewed the Disclosure Statements prepared for each fiscal year period within our scope.

- Confirmed practices for establishing provisional rates and monitor actual costs on a regular basis.
- Confirmed the audit status of the final fiscal year rates for FY2010 to FY2013.
- Performed recalculation of incurred indirect costs for the INCP project.
- Prepared results of analyses and documented total recommended questioned costs, where applicable.

Please refer to *Appendix A – Summary of Audited INCP Costs*, for information related to statistical sample sizes and the population of cost elements tested.

RESULTS

The results of PNNL and ANL direct cost sample testing is presented below by cost element.

1. PNNL Sample Cost Testing:

- Labor Costs

We selected a statistical sample of 46 transactions, which represented \$111,261 out of a total cost population of \$2,220,365. Our testing procedures included the following:

- Reviewed the related timesheet to validate the number of hours incurred and assess whether the given charge code description was consistent with activities under the INCP.
- Reviewed the related timesheet to validate whether it was completed in accordance with PNNL's processes. Specifically, we verified evidence that the employee electronically certified completion of the timesheet at the end of the work week, and the timesheet was electronically signed by the employee's supervisor/manager.
- Obtained historical data related to the hourly rates used to calculate actual labor costs which are referred to as "charge-out rates". We confirmed the charge-out rates for all PNNL labor categories for FY2010 through FY2013, and used this data to validate the accuracy of labor costs related to our sample selections.

We noted no exceptions related to our statistical sample testing of this cost element.

- Travel Costs

We selected a statistical sample of 35 transactions, which represented \$106,065 out of a total cost population of \$425,080. Our testing procedures included the following:

- Reviewed the related expense report to confirm the cost incurred and assess whether the given activity description was consistent with activities under the INCP.
- Reviewed the supporting receipts related to the selected expense report to determine allowability per the FAR and compliance with travel per diem requirements under the Federal Travel Regulations (FTR) or Joint Travel Regulations (JTR).
- Verified whether the related expense reports evidenced supervisory review and approval in accordance with PNNL's established procedures.

We noted no exceptions related to our statistical sample testing of this cost element.

- Procurement

We selected a statistical sample of 33 transactions, which represented \$1,586,265 of the total cost population of \$2,056,210. Our testing procedures included the following:

- Reviewed the related purchase card transaction and related receipts to confirm the cost incurred and assess whether the given activity description was consistent with activities under the INCP.
- Some of the sampled procurement costs related to hosting representatives based internationally during specific meetings or training events in the US. Therefore in these instances, we performed steps similar to our sample testing of Travel costs (summarized above) and reviewed the supporting receipts to determine allowability per the FAR and compliance with travel per diem requirements under the FTR/JTR.

We noted no exceptions related to our statistical sample testing of this cost element.

- Subcontracts

We selected a statistical sample of 68 transactions, which represented \$6,571,630 of the total cost population of \$7,622,997. Our testing procedures included the following:

- Reviewed the related accounting system data to confirm the cost incurred and assess whether the given activity description was consistent with activities under the INCP.
- Reviewed the supporting invoices and available subcontract agreements to determine whether PNNL maintained sufficient support for the sampled cost item, and to determine allowability per the FAR.

We noted no exceptions related to our statistical sample testing of this cost element.

2. ANL Sample Cost Testing:

- Direct Labor

We selected a statistical sample of 8 transactions, which represented \$600,488 out of a total cost population of \$765,420. Our testing procedures included the following:

- Each sample item related to the hours incurred by the employee for the full fiscal year period. Therefore, we reviewed the related timesheets to validate the number of hours incurred, for the time period related to our sample; and assessed whether the given charge code description was consistent with activities under the INCP.
- Reviewed the related timesheets to validate whether it was completed in accordance with ANL's processes. Specifically, we verified evidence that the employee electronically certified completion of the timesheet at the end of the work week, and the timesheet was electronically signed by the employee's supervisor/manager.

We noted exceptions with six sampled timesheets where supervisory review/approval was not evidenced with a formal sign-off by the reviewer. In addition, four sampled timesheets did not evidence the employees' certification. Please refer to **Finding No. 2014-07-IG-NFR-02** for further discussion of this exception.

- Travel

We selected a statistical sample of 15 transactions, which represented \$36,050 of the total cost population of \$178,659. Our testing procedures included the following:

- Reviewed the related expense report to confirm the cost incurred and assess whether the given activity description was consistent with activities under the INCP.
- Reviewed the accounting system data to confirm the costs incurred and the related supporting receipts to determine allowability per the FAR and compliance with travel per diem requirements under the FTR/JTR.
- Verified whether the related expense reports evidenced supervisory review and approval in accordance with ANL's established procedures.

We noted no exceptions related to our statistical sample testing of this cost element.

- Purchase Order Subcontractor (POSC) Services (Subcontract)

We selected a statistical sample of 14 transactions which represented \$315,729 of the total cost population of \$630,120. Our testing procedures included the following:

- Reviewed the related accounting system data to confirm the cost incurred and assess whether the given activity description was consistent with activities under the INCP.
- Reviewed the supporting invoices and available subcontractor invoices to determine whether ANL maintained sufficient support for the sampled cost item, and to determine cost allowability per the FAR.

We noted no exceptions related to our statistical sample testing of this cost element.

- Seminars and Conferences

We selected a statistical sample of six transactions, which represented \$11,756 of the total cost population of \$25,329. Our testing procedures included the following:

- Reviewed the related expense report to confirm the cost incurred and assess whether the given activity description was consistent with activities under the INCP.
- Reviewed the accounting system data to confirm the costs incurred and the related supporting receipts to determine allowability per the FAR and compliance with travel per diem requirements under the FTR/JTR.
- Verified whether the related expense reports evidenced supervisory review and approval in accordance with ANL's established procedures.

Our testing of Seminars/Honorarium costs resulted in noted exceptions related to two of the six sampled transactions. For one sample item, we noted an incorrect per diem rate was used to calculate the expense claimed to the project. For the second sample item, we noted that the supporting documents provided were stated in a foreign language that could not be translated by the audit team nor by the ANL. Therefore, we could not verify the allowability, allocability or reasonableness of the cost charges. Total questioned costs related to these two exceptions are \$188.50. Please refer to **Finding No. 2014-07-IG-NFR-01** for further discussion of these exceptions.

- Relocations and Transfers

During FY2010 through FY2013, we noted that total costs incurred for this cost element was \$19,359, relating to four transactions. We tested 100 percent of this cost element. The

following testing procedures were applied to the four total cost transactions incurred within our scope period:

- Reviewed the related expense report to confirm the cost incurred and assess whether the given activity description was consistent with activities under the INCP. Each sampled item related to multiple elements of travel costs, and related expense reports and supporting documentation.
- Reviewed the accounting system data to confirm the costs incurred and the related supporting receipts to determine allowability per the FAR and compliance with travel per diem requirements under the FTR/JTR.
- Verified whether the related expense reports evidenced supervisory review and approval in accordance with ANL's established procedures.

All four of the sampled items included meal per diem calculations related to the employees' travel and extended stay in Argonne, IL. We noted excess per diem costs claimed which resulted from per diem calculations not considering JTR requirements to claim first and last date of travel at 75 percent of the approved area per diem rate. Because ANL charged 100 percent of the per diem rates on the first and last days of travel, we calculated excess total per diem costs of \$57.50 related to the transactions reviewed. Please refer to **Finding No. 2014-07-IG-NFR-01** for further discussion of these exceptions.

3. INCP Coordination and Reporting Procedures:

During our fieldwork, we confirmed with both PNNL and ANL that the following processes take place in order to provide DOE and the U.S. Department of State with information related to funding and activities under the INCP.

- Budget and Planning

The Auditees' participate in an event known as the Annual Budget Review (ABR) where an annual plan of program goals, objectives and key planned activities are presented for the upcoming fiscal year period. This then serves as the basis for budgeted funding to be appropriated for the fiscal year period. The ABR serves as the initial point of communication to discuss the planned program work and the intended outcomes the Auditees' will achieve.

A standard ABR template document is established to evidence the critical elements that will impact budget/funding decisions. As part of our fieldwork, we obtained copies of the completed ABR documents for FY2009 through FY2011 as evidence that the annual process was completed.

We noted no exceptions or recommended improvements related to this process area.

- Interim Communication and Status Updates

Through our discussions with the Auditees, periodic meetings with DOE occur during the year where current progress on planned program activities are discussed. Such meetings usually involve the Auditees' INCP program managers as well as individuals stationed internationally at the related work location.

We noted, within our sample testing, that costs were incurred that related to travel, accommodations, seminars and relocation. This type of cost activity appeared to be consistent with the nature and coordination of periodic program meetings as described by the Auditees.

As noted in our statistical sample testing results above, we noted no exceptions that resulted in questioned or unreasonable costs incurred under the INCP.

We noted no exceptions or recommended improvements related to this process area.

- Reporting

On a quarterly basis, the Auditees prepare and submit a progress report to DOE-Office of Nuclear Energy which presents the program activities completed within the period as well as a current status on the funding allotments.

We obtained copies of the quarterly reports prepared by the Auditees in order to validate this reporting process was being actioned in a timely manner. We noted the quarterly report provides a detail account of what program activities have been completed within the period; what challenges/issues were encountered; current summary of expended and remaining funding for the current fiscal year; and immediate activities to be undertaken next quarter.

We noted no exceptions or recommended improvements related to this process area.

Findings, Recommendations, and Auditee Responses

The following findings resulted from our confirmed sample testing results which have been discussed with ANL and PNNL. A formal exit conference was held with the DOE Office of Nuclear Energy and the Auditees.

Finding No. 2014-07-IG-01

<p>Criteria</p>	<p>FAR 31.205-46, <i>Travel Costs</i>, states:</p> <p>(a) <i>Costs for transportation, lodging, meals, and incidental expenses.</i></p> <p>(1) Costs incurred by contractor personnel on official company business are allowable, subject to the limitations contained in this subsection. Costs for transportation may be based on mileage rates, actual costs incurred, or on a combination thereof, provided the method used results in a reasonable charge. Costs for lodging, meals, and incidental expenses may be based on per diem, actual expenses, or a combination thereof, provided the method used results in a reasonable charge.</p> <p>(2) Except as provided in paragraph (a) (3) of this subsection, costs incurred for lodging, meals, and incidental expenses (as defined in the regulations cited in (a) (2) (i) through (iii) of this paragraph) shall be considered to be reasonable and allowable only to the extent that they do not exceed on a daily basis the maximum per diem rates in effect at the time of travel as set forth in the—</p> <p>(i) Federal Travel Regulations (FTR), prescribed by the General Services Administration, for travel in the contiguous United States.</p> <p>(ii) Joint Travel Regulation, Volume 2, DoD Civilian Personnel, Appendix A, prescribed by the Department of Defense, for travel in Alaska, Hawaii, and outlying areas of the United States.</p> <p>(iii) Standardized Regulations (Government Civilians, Foreign Areas), Section 925, “Maximum Travel Per Diem Allowances for Foreign Areas,” prescribed by the Department of State, for travel in areas not covered in (a)(2)(i) and (ii) of this paragraph.</p> <p>...</p> <p>(6) The maximum per diem rates referenced in paragraph (a) (2) of this subsection generally would not constitute a reasonable daily charge—</p> <p>(i) When no lodging costs are incurred; and/or</p> <p>(ii) On partial travel days (e.g., day of departure and return).</p> <p>...</p>
<p>Condition</p>	<p>1. Our testing of <u>Relocation/Transfer costs at ANL</u> included four transactions incurred within the scope period between FY2010-FY2013, which totaled \$19,359.</p> <p>Each tested transaction included various costs associated with the travel and extended stay by the employee. Our review of the related travel expense report</p>

	<p>resulted in exceptions noted where the full daily meals and incidental (M&IE) per diem was charged for the first and last dates of travel, rather than 75 percent on the first and last day, as described in the FTR.</p> <p>2. Our testing of <u>Seminars/Honorarium costs</u> at ANL included six transactions incurred within the scope period between FY2010–FY2013, which totaled \$11,756.</p> <p>Of the six tested transactions, we noted the following exceptions for one sample tested item. The exception to an employee’s travel costs to Washington, DC and Illinois. The employee traveled to Washington DC in FY2013 to attend meetings with the DOE-IG and the Department of State. The expense report listed costs related to M&IE per diem for the travel period. Specifically, the expense report showed the calculated per diem costs using an M&IE daily rate of \$77. Washington DC area per diem in FY 2013 was \$71 per day. Therefore, expense claim did not reflect the correct M&IE per diem rate for the travel location. We did note that ANL was able to provide sufficient lodging cost receipts that evidenced the employee was physically located in Washington DC and lodging costs were incurred during the period of travel. We also noted the related business purpose was adequately documented for the trip to Washington DC.</p> <p>Related to this sample item, we noted a separate cost incurred was not sufficiently supported. ANL was able to provide the related receipt but the actual document was in a foreign language which could not be translated. We performed follow-up with ANL to determine whether a translated copy of the receipt could be provided. No further information was provided to the audit team.</p>
Cause	<p>The following listed causes relate to the numbered conditions provided above:</p> <ol style="list-style-type: none"> 1. ANL states that employees who relocate for temporary assignments are allowed to claim and be reimbursed 100 percent of M&IE per diem rate on the related travel dates. ANL further stated this policy is based upon GSA FTR, Chapter 302 <i>Relocation Allowances</i>. Specifically, ANL utilized subpart 302.6 <i>Allowance for Temporary Quarters Subsistence Expenses</i>, as the basis for its travel/relocation policy relevant to site transfers actioned for ANL employees. ANL contends that under this referenced section of the GSA policy, qualified employees are allowed to claim the full daily M&IE per diem rate for each travel day. 2. Related to M&IE per diem claim for Washington DC, ANL acknowledged the error in calculating the M&IE per diem costs related to the employee’s stay in Washington DC. As a result of our audit fieldwork, ANL corrected the error via an adjustment in the Smart Stream system.
Effect	<p>The exceptions noted within this finding total \$246. The following listed effects relate to the numbered conditions indicated above:</p> <ol style="list-style-type: none"> 1. In total, we noted that \$57.50 of unreasonable per diem costs, which related to Relocation/Transfer costs, were incurred on the INCP project within the period between FY2010-FY2013.

	<p>Although this exception relates to this specific program, there is potential risk that this matter affects all of ANL's Federal contracts. This exception was noted for each transaction tested.</p> <p>2. The Washington DC area M&IE per diem in 2013 was a daily rate of \$71. However, the expense report is using a daily rate of \$77 (\$6 excess of listed per diem by the JTR). Therefore, the expense claim includes an excess of \$28.50 of claimed M&IE costs.</p> <p>The second element of costs related to this sample item totaled \$160. The related receipt is stated in a foreign language that could not be translated by the audit team or ANL. Therefore, this cost amount is questioned due to insufficient supporting documentation.</p> <p>Total amount of the exceptions noted related to this sample item is \$188.50.</p>
<p>Recommendations</p>	<p>1. We recognize that ANL may establish policies and procedures that best fits its organization. To that extent, ANL may allow its employees to claim 100 percent of daily per diem rates on dates of travel. However, ANL is still required to adhere to the requirements within the FAR when charging costs to Government contracts/programs.</p> <p>We recommend that the Manager, Argonne Site Office direct the Manager at Argonne National Laboratory to establish appropriate controls to ensure unreasonable costs are adjusted or removed from costs incurred under Federal contracts.</p> <p>2. We recommend that the Manager, Argonne Site Office direct the Manager at Argonne National Laboratory to establish appropriate measures to:</p> <ul style="list-style-type: none"> a. Ensure sufficient lodging evidence is retained to support the related daily M&IE per diem claimed, and to validate that the individual was physically present in the travel location. In circumstances where actual lodging evidence is not retained or available, alternate documentation validating the employee's physical presence in the travel location and lodging costs were actually incurred should be maintained. b. Ensure per diem costs claimed on a Federal contract/program are calculated using the authorized daily M&IE per diem rate for the location and time period of travel. c. Ensure receipts from foreign locations are properly translated, and maintained with the related receipts, to ensure the evidence clearly supports the related costs charged to the Government.
<p>Management Response</p>	<p>Response to Recommendation 1:</p> <p>For travel of this nature, the Site Office and Argonne do not believe that the costs cited in Condition No. 1 are unreasonable. Argonne uses Chapter 302 of the FTR which is applied consistently across the Laboratory complex; resulting is reduced costs to the government. Accordingly, no further action is required.</p> <p>Response to Recommendations 2a and 2b:</p> <p>The Site Office and the Laboratory concur with the recommendation and the</p>

	<p>Laboratory has already taken action to correct the \$6.00 excess per diem issue noted in the audit. ANL Accounts Payable is responsible for ensuring proper cost reimbursement and risk minimization of unreasonable or unallowable costs. Payment requests are submitted in several forms, including travel expense reports, honorariums, extended business travel requests, local expense requests, and miscellaneous disbursements. Some processes are automated and incorporate “business rules” based on established DOE and Argonne policy. The systems produce reminder and exception notices to the individuals completing, submitting, approving, and auditing the expenditure request. These automated processes use electronic forms to claim, document, route, and approve the payment request. Automated processes use per diem rates downloaded from the GSA website to complete M&IE claims, based on the business location. The payment detail is uploaded into the accounts payable system for payment processing. Virtually every one of these payment requests, whether electronic or on paper, are manually audited by Accounts Payable to ensure compliance. Based on the expenditure amount or the individual’s position, a payment request may be reviewed by multiple Accounts Payable personnel. Adjustments for unreasonable or unallowable costs are made as identified. Although the XM system has been in place for more than five years, XINK was implemented in 2011 to improve controls and processing. Future automation of the remaining manual processes will be completed by the end of CY 2015, with a focus on complete, accurate, and timely processing of payments.</p> <p>Response to Recommendation 2c:</p> <p>The Site Office and Argonne do not concur with the Finding and Recommendation. While the receipt does not explicitly identify the charge, supporting documentation provides a reasonable basis the charge is valid and the expense is approvable. Specifically:</p> <ol style="list-style-type: none"> 1) Honorarium Form HA14291K claimed an expense of \$160 and stated “receipt attached”. 2) The individual and division management have attested to the validity of the expense through the submission of the honorarium reimbursement request. 3) There was a valid receipt paid in UAH currency, that when converted to US Dollars at the exchange rate for that time, was \$163. 4) All other receipts were in English and relatable to other expenses claimed. 5) Through additional due diligence, Argonne accesses the website for the US Embassy in Kiev, Ukraine. The website listed the following sentence, “All applicants, regardless of visa type, must pay the mandatory U.S. Machine Readable Visa (MRV) application fee of USD \$160, paid in UAH according to the exchange rate set by the Embassy on the date of payment” equating to the expense claimed. <p>Please note that Argonne does not have the ability to impose specific language on receipts supplied by other organizations.</p>
Auditor Response	<p>Response to Management Response 1:</p> <p>We acknowledge ANL’s statement that the noted transactions were all cases involving extended travel as opposed to business travel. We further acknowledge ANL’s reference to GSA FTR, Chapter 302 <i>Relocation Allowances</i> subpart 302.6</p>

Allowance for Temporary Quarters Subsistence Expense, as the basis of stating full per diem is appropriate for first and last day of travel. Our interpretation of the referenced policy is that the first and last day of travel still should be charged with 75 percent of the full allowable per diem rate. The following illustrations were taken directly from the aforementioned policy reference. Our related comments are provided with the following illustrations to support our interpretation of this GSA policy.

GSA Chapter 302-Relocation Allowances

Subpart 302.6-Allowance for Temporary Quarters Subsistence Expenses

Subpart B—Actual TQSE Method of Reimbursement

§302-6.100 What am I paid under the actual TQSE reimbursement method?

Your agency will pay your actual TQSE incurred, provided the expenses are reasonable and do not exceed the maximum allowable amount. The “maximum allowable amount” is the “maximum daily amount” multiplied by the number of days you actually incur TQSE not to exceed the number of days authorized, taking into account that the rates change after 30 days in temporary quarters. The “maximum daily amount” is determined by adding the rates in the following table for you and each member of your immediate family authorized to occupy temporary quarters:

The “maximum daily amount” of TQSE under the actual expense method that			
For:	You and/or your unaccompanied spouse or domestic partner may receive is	Your accompanied spouse, domestic partner or a member of your immediate family who is age 12 or older may receive is	A member of your immediate family who is under age 12 may receive is
The first 30 days of temporary quarters.	The applicable per diem rate. [Audit Team Note 1]	.75 times the applicable per diem rate.	.5 times the applicable per diem rate.
Any additional days of temporary quarters.	.75 times the applicable per diem rate.	.5 times the applicable per diem rate.	.4 times the applicable per diem rate

§302-6.102 What is the “applicable per diem rate” under the actual TQSE reimbursement method?

The “applicable per diem rate” under the actual TQSE reimbursement method is as follows:

For temporary quarters located in	The applicable per diem rate is
The continental United States (CONUS).	The standard CONUS rate. [Audit Team Note 1]
Outside the Continental United States (OCONUS)	The locality rate established by the Secretary of Defense or the Secretary of State under §301-11.6 of this title.

Subpart C—Lump Sum Payment

§302-6.200 What am I paid under the TQSE lump sum payment method?

If your agency offers, and you select the lump sum TQSE payment, you are

paid a lump sum for each day authorized up to 30 days. The maximum number of days that may be used for the TQSE lump sum calculation is 30; no extensions are allowed under the lump sum payment method.

§302-6.201 How do I determine the amount of my TQSE lump sum payment?

(a) For yourself, multiply the number of days your agency authorizes TQSE by .75 times the maximum per diem rate [Audit Team Note 1](that is, lodging plus meals and incidental expenses) prescribed by §301-11.6 of this subtitle for the locality at the old or new official station or combination thereof, wherever TQ will be occupied. Please note that for non-foreign OCONUS, the Department of Defense Per Diem, Travel and Transportation Allowances Committee establishes the per diem rate, and for foreign OCONUS, the Department of State establishes the per diem rates.

(b) For each member of your immediate family, multiply the same number of days by .25 times the same per diem rate, as described in paragraph (a) of this section.

(c) Your lump sum payment will be the sum of the calculations in paragraphs (a) and (b) of this section.

[Audit Team Note 1] – The illustrations above, extracted from the GSA policy, all refer back to the standard required industry practice where the per diem claims must be adjusted for 75 percent consideration for travel days within the travel period. The GSA makes reference that the term ‘applicable per diem rate’ relates to the ‘standard CONUS rate’. The CONUS rate, established by the GSA, is subject to the M&IE breakdown calculations required by Section 301-11.18 of the Federal Travel Regulation.

Each sample item tested, that resulted in the noted conditions above, involved an employee traveling from an overseas location to ANL facilities, located in Illinois, for a specified period of time. The following table shows the duration of each employee’s temporary assignment in Argonne, IL.

Sample Item No.	Permanent Station Location	Period of stay in Argonne, IL	Dates of Related Travel
1	Ukraine	07/07/2011 to 09/05/2011	07/07/2011 – From Ukraine to Chicago 09/05/2011 – From Chicago to Ukraine
2	Ukraine	06/27/2012 to 09/02/2012	06/27/2012 – From Ukraine to Chicago 09/02/2012 – From Chicago to Ukraine
3	Armenia	08/05/2012 to 09/09/2012	08/05/2012 – From Armenia to Chicago 09/09/2012 – From Chicago to Armenia
4	Armenia	08/05/2012 to 09/09/2012	08/05/2012 – From Armenia to Chicago 09/09/2012 – From Chicago to Armenia

Considering the extent and duration of travel by each employee, we believe the following GSA policy references further supports the basis for this finding:

GSA Chapter 301-*Temporary Duty (TDY) Travel Allowances*

Subpart B-Lodgings Plus Per Diem

§301-11.101 What allowance will I be paid for M&IE?

(a) Except as provided in paragraph (b) of this section, your allowance is as shown in the following table:

When travel is		Your allowance is
More than 12 but less than 24 hours		75 percent of the applicable M&IE rate for each calendar day you are in a travel status.
24 hours or more, on	The day of departure	75 percent of the applicable M&IE rate.
	Full days of travel	100 percent of the applicable M&IE rate.
	The last day of travel	75 percent of the applicable M&IE rate.

Response to Management Response 2a and 2b:

ANL's comments are responsive to our recommendations.

Response to Management Response 2c:

Audit team was unable to verify the nature of charges based upon the provided receipt due to it being stated in a foreign language, and the translated copy of the receipt. Although ANL has submitted responses and other documentation to speculate the nature and purpose of the costs incurred, the lack of a valid, legible receipt compels us to question the allowability of the related claimed costs of \$160.

Finding No. 2014-07-IG-02

Criteria	<p>FAR 31.201-4, <i>Determining Allocability</i>, states:</p> <p>A cost is allocable if it is assignable or chargeable to one or more cost objectives on the basis of relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a Government contract if it—</p> <p>(a) Is incurred specifically for the contract;</p> <p>(b) Benefits both the contract and other work, and can be distributed to them in reasonable proportion to the benefits received; or</p> <p>(c) Is necessary to the overall operation of the business, although a direct relationship to any particular cost objective cannot be shown.</p>
Condition	<p>Our testing of Labor costs incurred by ANL under the INCP program included a total of eight transactions for the period FY2010-FY2013. Our review of the effort reporting timesheets provided by ANL for each sample selection resulted in the following exceptions:</p> <ol style="list-style-type: none"> 1. Effort reporting timesheets related to six of the total eight selected transactions did not evidence supervisory review or approval sign-off. 2. Effort reporting timesheets related to four of the total eight selected transactions did not evidence employee's certification.
Cause	<p>ANL stated that it requires employees/supervisors to sign-off on their</p>

	timecards, which are used to process payroll. Employees also certify their effort reporting timesheets, but the effort reporting is not reviewed or certified by their supervisor. The data provided by ANL for selected labor transactions related to the effort reporting timesheets for those individuals; and, therefore, did not contain evidence of supervisory review/sign-off.
Effect	<p>The following list summarizes the noted effect, which corresponds to each numbered condition above:</p> <ol style="list-style-type: none"> 1. Supervisory sign-off evidence on their direct reports' time records indicates management review of incurred project hours has been complete. Lack of proper evidence of supervisory review and approval of employee effort reporting timesheets increases the potential risk that project hours incurred by direct employees are not being reviewed prior to processing and payment. 2. Employee sign-off evidence on their own time records indicates completion and accountability for the time charges submitted for payment/processing. Lack of employee sign-off certification on submitted effort reporting timesheets increases the potential risk that hours charged to the INCP are stated inaccurately, which could potentially lead to increased costs incurred under the INCP project or other Federal contracts.
Recommendation	For Conditions 1 and 2, we recommend that the Manager, Argonne Site Office direct the Manager at Argonne National Laboratory to enact appropriate measures that emphasizes the importance of properly certifying timesheets, and effort reporting, prior to submission; remind supervisors to thoroughly review both detailed timesheets and effort reporting timesheets; and to evidence their approval prior to payment processing.
Management Response	<p>The Argonne Site Office believes the Finding and Recommendation have been resolved, necessitating no further action.</p> <p>In early FY 2014 Argonne implemented a new Time and Effort reporting system called Dayforce. Dayforce is an electronic information system whereby time associated with project tasks is entered and submitted by each employee on a weekly basis. The timesheet is then routed electronically to the employee's supervisor for review and authorization. Supervisor approval is required for all employee time prior to the effort getting posted into Argonne's accounting system and the employee getting paid. The Argonne Site Office verified the functionality and effectiveness of the system which resolves the Finding and Recommendations.</p>
Auditor Response	ANL's description of the implemented Dayforce system appears to address the process of evidencing employee and supervisory review and certification of submitted timesheets. Electronic time stamps within the system, if operating effectively, would alleviate the noted risks related to our finding.

CONCLUSION

Based upon the performance audit procedures performed and the results obtained, we have met our audit objectives. We conclude that except for the findings noted above, total direct project costs incurred during FY2010 through FY2013 related to the INCP, were determined to be allowable, allocable, and reasonable, in accordance with the applicable FAR Part 31, *Contract Cost Principles and Procedures*, Subpart 31.2, *Contracts with Commercial Organizations*, IAG terms and conditions, and other applicable requirements.

We determined that the IAGs were the contracting vehicles used to authorize specified amounts of funding for the INCP. The IAGs did not include specific terms or conditions for the DOE laboratories, i.e., the Auditees, to comply with. Under the IAG, each laboratory provides relevant information to DOE and the U.S. Department of State during the performance year, where and when required. Based on our review of the laboratory reporting under the IAG, we were able to conclude that the Auditees complied with requests for INCP-related information during the annual budget review process and through submission of quarterly status reports.

Appendix A – Summary of Audited INCP Costs

PNNL Cost Summary							
Cost Category	FY 2010	FY 2011	FY 2012	FY 2013	Total INCP Costs Incurred	Total Sample Tested Costs	% Sample to Total
Total Labor	\$ 477,365	\$ 507,306	\$ 526,275	\$ 709,418	\$ 2,220,365	\$ 111,261	5%
Total Labor Hr Overheads	170,498	205,298	219,671	259,512	854,979	Note A	-
Total Travel	75,050	123,126	117,264	109,640	425,080	\$ 106,065	25%
Service/Equipment Centers	82,390	73,632	79,678	128,030	363,730	Note A	-
Other Intermediate Costs	51,735	103,369	104,948	275,317	535,369	Note A	-
Value Added Overheads	278,539	338,120	342,656	530,249	1,489,564	Note A	-
Total Procurements	94,927	158,413	149,249	1,653,621	2,056,210	\$ 1,586,265	77%
Total Subcontracts	3,564,662	860,880	897,304	2,300,152	7,622,997	\$ 6,571,630	86%
TC Overheads or Adders & FEE	84,840	44,781	45,117	118,294	293,031	Note A	-
Cost Distributions	-	-	(54,476)	-	(54,476)	Note A	-
Total	\$ 4,880,006	\$ 2,414,925	\$ 2,427,687	\$ 6,084,232	\$ 15,806,849	\$ 8,375,221	53%

ANL Cost Summary							
Direct Cost Category	FY 2010	FY 2011	FY 2012	FY 2013	Total INCP Costs Incurred	Total Sample Tested Costs	% Sample to Total
Exempt Regular Standard Rate	\$ 136,483	\$ 234,602	\$ 195,987	\$ 182,118	\$ 749,190	\$ 600,488	78%
Non-Exempt Temp Standard Rate	-	-	16,230	-	16,230		
Travel Expenses Foreign	-	-	41,346	59,216	100,562	\$ 36,050	20%
Travel Expenses Domestic	30,760	26,363	9,925	11,048	78,097		
PO/SC Services (Not Individuals)	-	128,709	193,260	308,152	630,120	\$ 315,729	50%
Seminars, Honorariums & Conferences	-	505	6,670	18,154	25,329	\$ 11,756	46%
Relocation & Site Transfer	-	4,191	15,168	-	19,359	\$ 19,359	100%
Effort From Other Centers	-	-	-	12,380	12,380	Note B	-
Genl Mtls & Supplies AMOS	-	1,568	12,617	4,863	19,049	Note B	-
Genl Mtls & Supplies Purchased	83	560	4,855	756	6,254	Note B	-
Telephone - Teletype - Telegraph	900	450	675	225	2,250	Note B	-
Miscellaneous Freight	6	202	14	11	233	Note B	-
Computer Software	-	-	1,030	90	1,120	Note B	-
Student Travel & Per Diem	155	-	-	-	155	Note B	-
DEP Research Appt Travel & Moving	-	380	6,727	-	7,107	Note B	-
DEP Participant Cost	5,215	-	-	-	5,215	Note B	-
DEP Assessment	1,250	-	-	-	1,250	Note B	-
Employee Awards	-	-	-	500	500	Note B	-
DEP Research Appt Travel & Moving	-	312	-	324	636	Note B	-
Consultant Fees - M & S Rate	-	-	-	15,850	15,850	Note B	-
PO/SC W/Univ & Other DOE Labs	-	-	-	7,958	7,958	Note B	-
Indirect Cost Category							
Rate	-	-	500	-	500	Note A	-
Food Services - On Site	-	-	-	2,365	2,365	Note A	-
Special Term Appointee - Div Mgmt	6,562	1,232	4,084	12,872	24,751	Note A	-
CIS Computing & Telecom Tech	-	-	32	-	32	Note A	-
IPD Media & Tech Comm Services	-	-	81	-	81	Note A	-
Division Management & Allocation	34,070	48,227	35,312	42,845	160,454	Note A	-
Direct Allocation	36,089	53,117	44,914	48,650	182,770	Note A	-
IGPP Indirect Expense	6,401	-	-	-	6,401	Note A	-
Univ & Other DOE Labs Indirect Exp	-	-	-	191	191	Note A	-
Materials & Subcontracts Indirect Exp	3	7,580	12,142	21,743	41,468	Note A	-
Common Support - Common Support	-	81,175	81,497	82,522	245,195	Note A	-
Common Support - IGPP	-	11,645	21,093	10,882	43,621	Note A	-
Common Support - LDRD	-	35,279	26,527	21,160	82,965	Note A	-
Common Support Indirect Expense	58,632	-	-	-	58,632	Note A	-
General & Administrative Indirect Exp	5,713	15,313	22,988	31,546	75,559	Note A	-
LDRD Indirect Expense	26,115	-	-	-	26,115	Note A	-
Energy Eng & SA Prog Admin	3,554	13,711	16,734	22,041	56,040	Note A	-
Energy Sciences & Eng. Prog Admin	988	-	-	-	988	Note A	-
Total	352,980	665,121	770,408	918,463	2,706,972	983,382	36%

Note A	Please refer to the <i>Methodology</i> section of the audit report which lists the detail procedures performed to assess INCP indirect costs incurred.
Note B	During the Planning Phase under Work Order 2014-01, we confirmed with OIG representatives that the noted cost category did not represent a significant risk or cost to the INCP. Therefore, sample testing for the noted cost category were excluded from this audit.

FEEDBACK

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