



OFFICE OF INSPECTOR GENERAL

U.S. Department of Energy

AUDIT REPORT

DOE-OIG-20-45

July 2020

**THE OFFICE OF SCIENCE'S
AUDIT RESOLUTION AND
FOLLOWUP PROCESS**



Department of Energy
Washington, DC 20585

July 6, 2020

MEMORANDUM FOR THE DIRECTOR OF THE OFFICE OF SCIENCE
DEPUTY CHIEF FINANCIAL OFFICER

A handwritten signature in black ink, appearing to read "Jennifer L. Quinones".

FROM: Jennifer L. Quinones
Assistant Inspector General
for Audits
Office of Inspector General

SUBJECT: INFORMATION: Audit Report on "The Office of Science's Audit
Resolution and Followup Process"

RESULTS IN BRIEF

We found that the Office of Science's (Science) audit resolution and followup process was not in accordance with all of the requirements of Department of Energy Order 224.3, *Audit Resolution and Follow-up Program*. Specifically, we found that required audit followup assessments were not performed for four sampled reports and that formal procedures did not exist for Science's audit resolution and followup program. We found that resolution for a Government Accountability Office (GAO) audit report was not submitted timely to the Office of Management and Budget (OMB) and Congress. Further, justifications were not documented in the Departmental Audit Report Tracking System (DARTS) for audit reports that were open for more than 1 year in DARTS. To its credit, we found that Science resolved the three Office of Inspector General (OIG) reports in a timely manner, as required by the Order. Finally, we found that information in DARTS was not always complete and accurate.

BACKGROUND

The Department's audit resolution and followup process provides an important mechanism for assisting management with improving the performance of the Department and its programs. With this goal in mind, the Order generally requires that audit reports and all associated recommendations be closed within 1 year. Further, management officials must sign an *Assurance of Effectiveness of Corrective Actions Taken* to certify that corrective actions have satisfactorily addressed audit report recommendations.

Per the Order, the OIG is tasked with periodically evaluating the Department's audit followup systems and assessing whether these systems result in effective, prompt, and proper resolution of audit recommendations. As such, we completed audits of *The Department of Energy's Audit*

Resolution and Follow-up Process (DOE/IG-0840, September 2010) and *The Department of Energy's Audit Resolution and Followup Process* (DOE-OIG-16-08, March 2016). The September 2010 audit found more efforts were needed to ensure prompt and effective corrective actions. The March 2016 audit found: (1) corrective actions taken had not been completed or issues had not been effectively resolved; and (2) the Department did not meet its established target milestones for implementing corrective actions and closing audit reports. Both reports recommended that the Department review and revise its policy and guidance and ensure that formal audit followup assessments are performed. As of March 2020, these recommendations remained open.

Because the Order was under revision and the recommendations for both prior reports remained open in DARTS, we deviated from the methodology of the previous audits to focus on a particular program office, rather than a Department-wide review. As such, the objective of this audit was to determine whether Science's audit resolution and followup process was in accordance with requirements.

RESULTS OF AUDIT

We found that Science's audit resolution and followup process was not in accordance with all of the requirements of the Order. Specifically, we found:

- Audit followup assessments were not performed for the four sampled reports.
- Formal procedures did not exist for Science's audit resolution and followup program.
- Resolution for a GAO audit report was not submitted timely to the OMB and Congress.
- Justifications were not documented in DARTS for audit reports that were open for more than 1 year in DARTS. To its credit, we found that Science resolved the three OIG reports in a timely manner, as required by the Order.

The weaknesses above derived from a lack of communication and documentation between the Office of the Chief Financial Officer (OCFO) and Science. Further, OCFO did not enforce the requirements of the Order.

In addition, based on a Department-wide review of OIG recommendations that were closed between fiscal years (FY) 2015 and 2017, we found that information in DARTS was not always complete and accurate. This occurred because OCFO did not properly perform DARTS reviews before closing out audit reports, which, according to OCFO personnel, consisted of reviewing mandatory DARTS fields for completeness and accuracy.

Finally, we conducted a Department-wide review of the timeliness of closure of OIG and GAO recommendations. We found that 36 percent of OIG recommendations and 31 percent of GAO recommendations that were closed between FYs 2015 and 2017 were not closed within the established target dates of completion.

Audit Followup Assessments Not Performed

We found that Science did not perform audit followup assessments or reviews for the four audits in our sample, as required by the Order. In addition, the *Assurance of Effectiveness of Correction Actions Taken* (assurance certification) for each audit report did not include language required by the Order.

The Order requires that an audit followup assessment or review be performed by the program office being audited and provide an assurance certification to OCFO to close out audit report recommendations in DARTS. An audit followup assessment, per the Order, is defined as an independent examination of operational audit status reports to determine whether audit recommendations have been adequately addressed and corrective actions implemented. The assessment is performed by individuals not directly responsible for implementing the corrective actions. An assurance certification is defined as an assurance that audit followup assessments or reviews have been conducted on each recommendation in the audit report to ensure that corrective actions have satisfactorily addressed audit report recommendations. The assurance must be provided before the audit report can be closed in DARTS. The assurance certification must state the following: “This is to confirm that an audit follow-up assessment or review has been completed on the subject audit report or recommendations contained in the audit report, and necessary corrective actions, if any, have been completed.”

This occurred because OCFO communicated with the Department’s audit coordinators to end the practice of performing audit followup assessments or reviews. According to Science and OCFO personnel, OCFO recommended to the Department’s audit coordinators during a quarterly meeting in late 2014 ending the practice of conducting audit followup assessments because there was a lack of clarity in the Order on what an audit followup assessment or review was and what was expected. In addition, OCFO allowed the language in the assurance certification to reflect that an audit followup assessment was not performed, despite the fact that the language to be used in the assurance statement is set forth in the Order.

Additionally, we were informed that OCFO delivered guidance orally and without any followup documentation on multiple occasions. The lack of formal communication, or a communication plan, could lead to the misinterpretation of guidance. OCFO’s practice of delivering guidance orally and without any followup documentation could result in personnel who did not attend the meeting not getting the right information or not getting the information at all. To decrease misinterpretations, a communication plan can help define communication objectives, channels, responsibilities, and timing. After discussions with Department officials, it was agreed that a communication plan would be beneficial.

Of particular note, according to a Department Official, the Order is currently being revised with the intention of eliminating the requirement for audit followup assessments. Instead of the followup assessments or reviews, OCFO has proposed other controls to ensure that corrective actions fully address the audit recommendations. These proposed controls include a requirement explaining reasons for any alternate actions taken instead of the original corrective action plan, uploading relevant documents demonstrating the completion of corrective actions in DARTS, and identifying the official approving the closure of recommendations. Although changes have

been proposed, the Order has not yet been reissued. Without a replacement of this internal control, it could lead to recommendations not being implemented. For example, we found an instance in which the corrective action implemented did not address the recommendations in one of the sampled reports. As part of our methodology, we requested documentation from Science to support the corrective actions that were implemented to close the recommendations in DARTS. Upon receiving the documentation for the corrective actions taken for the *Follow-up on the Department of Energy's Management of Information Technology Hardware* (DOE/IG-0926, October 2014), we found that the documentation was not sufficient to address three of the recommendations. Specifically, Science did not implement the original action planned, and the actual action taken did not address the report's recommendations. If an audit followup assessment had been performed by Science, as required by the Order, or if the requirement to explain reasons for taking alternate actions would have been in place, as required by the draft Order, the fact that the corrective action did not address the report's recommendations may have been identified.

Science's Audit Resolution and Followup Formal Procedures

We found that Science did not have formal operating procedures for its audit resolution and followup program, as required by the Order. The Order requires that the Heads of Primary Department Organizations develop and manage effective audit resolution and followup programs and provide mechanisms for maintaining up-to-date reporting in DARTS. To accomplish this, the Order requires that the Heads of Primary Department Organizations maintain operating procedures and systems for audit resolution and followup. According to Science personnel, formal procedures were never developed for the audit resolution and followup program within Science because they were unaware of the requirement; however, written informal procedures did exist. When presented with this finding, Science personnel indicated that they would investigate drafting formal procedures.

Resolution of GAO Report

We found that Science did not resolve a GAO report in a timely manner. Specifically, the management response from Science regarding *Federal Research Opportunities: DOE, DOD, and HHS Need Better Guidance for Participant Activities* (GAO-16-128, January 2016) was issued 119 days after issuance of the final GAO report. Circular No. A-50 Revised and the Order required that the head of the agency submit a statement of actions taken or planned to be taken on recommendations to the Director, the OMB, and/or Congress within 60 calendar days after formal transmittal of a GAO report to the agency when the report contains a specific recommendation for the Head of the agency.

Science did not provide a direct cause for why it did not submit a statement to the Director, the OMB, and Congress within the required 60 calendar days after formal transmittal of the GAO report mentioned above. However, it was indicated during a meeting with OCFO that process constraints exist to produce a statement within 60 days. For example, pressure to submit a formal statement decreases after a GAO report is issued. In addition, in 2019, 31 USC 720, *Agency Reports*, extended the deadline for submitting the formal statement to Congress to 180

days. According to OCFO, they informed the Department's audit coordinators of the new requirement and they are currently working on a process to submit the statement in a timely manner.

Justifications in DARTS

We found one OIG audit report and one GAO report that did not contain the required justifications in DARTS, which supported why audit reports remained open for over 1 year. Specifically, *Atmospheric Radiation Measurement Climate Research Facility* (OAI-M-16-10, May 2016) was closed in 410 days and *Federal Research Opportunities: DOE, DOD, and HHS Need Better Guidance for Participant Activities* (GAO-16-128, January 2016) was closed 709 days after the issuance of the final report and did not have a documented justification in DARTS. The Order requires that corrective actions be completed and audit reports in DARTS be closed generally within 1 year after issuance of the final report. If an audit report remains open for more than 1 year, a justification is required to be entered into DARTS.

This occurred because OCFO and OIG had a difference in interpretation of the 1-year requirement. Specifically, to identify the 1-year requirement, OCFO uses the auditee's corrective action completion date; however, we consider the date in which the audit report has been completely closed out to include the audit followup assessment in DARTS. (See Flowchart in Attachment 4). Under OCFO's interpretation of the 1-year requirement, the reports mentioned above would have been properly closed. Specifically, the OIG audit report was properly closed in DARTS when Science completed their corrective actions in 308 days and the GAO audit report was properly closed 299 days after the issuance of the final report. When presented with the difference in interpretation, OCFO concurred with the OIG's interpretation. According to personnel in OCFO, the 1-year requirement will be removed from the revision of the Order and it will allow program offices to determine when the recommendation should be closed. Regardless of the established milestone, it is important that the Department have controls in place to ensure corrective actions are taken within established milestones and that justifications are provided when milestones are not met.

Other Department-wide Matters

While our audit focused on Science's audit resolution and followup process, we expanded our work Department-wide in two areas. Specifically, we conducted analyses of: (1) timeliness of audit recommendation closure; and (2) accurate and completeness of DARTS information.

Timeliness of Audit Recommendation Closure

As stated above, OCFO personnel informed us that the Order is under revision by OCFO to remove the 1-year requirement and allow program offices to determine when the recommendation will be closed. For example, Science could determine a recommendation would be completed 2 years after the issuance of the final report. With this in mind, and to assist OCFO, we expanded our scope and analyzed OIG and GAO recommendations to the Department that were closed between FYs 2015 and 2017. As a result, we found the following number of recommendations that did not meet the estimated target date of completion:

Number of Closed Recommendations Not Meeting Established Target Date of Completion	
OIG Recommendations	205/571 (36%)
GAO Recommendations	48/156 (31%)

In addition, to assist OCFO, we performed a Department-wide review to determine whether the Department had met its established target milestones for implementing corrective actions and closing audit reports. We analyzed OIG and GAO audit reports with open recommendations as of April 30, 2019. The following table shows the status of the 158 open OIG recommendations:

Status of 158 OIG Recommendations			
<= 1 Year	1-2 Years	3-5 Years	>5 Years
94 (60%)	17 (11%)	37 (23%)	10 (6%)

The following table shows the status of the 101 open GAO recommendations:

Status of 101 GAO Recommendations			
<= 1 Year	1-2 Years	3-5 Years	>5 Years
63 (62%)	12 (12%)	23 (23%)	3 (3%)

DARTS Completeness and Accuracy

We found that information in DARTS was not always complete and accurate. While conducting our analysis of *Follow-up on the Department of Energy's Management of Information Technology Hardware* (DOE/IG-0926, October 2014), we found that Science uploaded an unsigned assurance certification in DARTS; however, Science has since corrected the error. Therefore, we analyzed DARTS to determine whether DARTS was complete and accurate for OIG recommendations that were closed between FYs 2015 and 2017 Department-wide. We excluded annual financial statement and information technology audits from the analysis. The results are as follows:

Issues Identified	Results
Recommendation in DARTS that did not have an assurance certification	38/232 (16%)
Assurance certification that did not have a date	4/194* (2%)
Date in DARTS that did not match the date on the assurance certification	46/194* (24%)
Assurance certificate that did not have a signature	3/194* (2%)

*We used the total recommendations (232) and subtracted the 38 recommendations that did not have an assurance certification to identify 194 recommendations.

Further, when performing the review of whether recommendations met the estimated target date of completion, we found multiple “Estimated Completion Date” sections that were blank in DARTS. As a result, we analyzed DARTS to determine whether the “Estimated Completion Date” section of DARTS contained data between FYs 2015 and 2017. We identified 571 open

and closed OIG recommendations and 156 open and closed GAO recommendations. As shown in the following table, 13 percent of OIG recommendations and 22 percent of GAO recommendations did not have an Estimated Completion Date:

No Data in the “Estimated Completion Date” Section	
OIG Recommendations	77/571 (13%)
GAO Recommendations	34/156 (22%)

OCFO personnel indicated that they review all DARTS fields for completeness and accuracy. However, considering our analysis of DARTS, we determined that OCFO did not properly perform reviews of DARTS before closing out audit reports.

Impact

Audit resolution and followup are integral parts of good management and are therefore key elements of senior management responsibilities. Prompt and proper corrective actions are implemented to resolve findings, address recommendations, and improve the effectiveness and efficiency of Department operations.

Appreciation

The OIG also would like to express gratitude to Science and OCFO personnel for providing documentation in a timely manner and dedicating their time to this audit effort.

RECOMMENDATIONS

To improve the audit resolution and followup program at the Department, we recommend that the Deputy Chief Financial Officer:

1. Develop a communication plan between the OCFO and the Department’s audit coordinators to promote consistent and documented dissemination of guidance.
2. Strengthen controls for assessing whether corrective actions adequately address audit report recommendations prior to closing the recommendations in DARTS by:
 - a. Enforcing compliance with Department Order 224.3 regarding the performance of followup assessments or reviews and the preparation of the assurance statement; or
 - b. Finalizing Department Order 224.3A to implement new internal controls for assessing that appropriate corrective actions have been taken to address audit report recommendations.
3. Strengthen processes to promote timely resolution for GAO audit reports.

4. Strengthen controls to monitor completion of corrective actions within established milestones and record justifications in DARTS when milestones are not met.
5. Strengthen controls over the completeness and accuracy of information in DARTS.

To improve the audit resolution and followup program at Science, we recommend that the Director of Science:

6. Create formal procedures for the audit resolution and followup program.

MANAGEMENT RESPONSE

Management concurred with the report's recommendations and indicated that corrective actions have been initiated or are planned to address the issues identified in the report. Specifically, management is working on internal procedures that will include a documented communication plan discussing the regular quarterly audit coordinators meetings, as well as other communication processes. In addition, management indicated Department Order 224.3A is currently in the concurrence process within the Department and includes language that clarifies requirements for audit closeout and focuses on the completion of corrective actions. Department Order 224.3A will also strengthen processes by clarifying Department requirements for resolving GAO audit reports. Management stated that the Audit Resolution Team will provide detailed milestone dates for responding to each GAO report and monitor progress towards meeting those milestones. Furthermore, management stated that a process will be established for monitoring aging audit recommendations, reporting missed milestones, and following up with program offices that are not meeting milestones. Management also stated a process will be created for monitoring the completeness and accuracy of information maintained in the Departmental Audit Report Tracking System. Finally, management stated that the Office of Science will review existing procedures and work to revise formal procedures consistent with Departmental policy.

Management comments are included in Attachment 3.

AUDITOR COMMENTS

Management's comments and proposed corrective actions are responsive to our recommendations.

Attachments

cc: Chief of Staff

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

We conducted this audit to determine whether the Office of Science's (Science) audit resolution and followup process was in accordance with requirements.

SCOPE

This audit was conducted from May 2019 through April 2020. We conducted work at the Department of Energy Headquarters in Washington, DC and Germantown, Maryland. The scope of the audit included: (1) corrective actions recommended in the prior Office of Inspector General (OIG) audit report, *The Department of Energy's Audit Resolution and Followup Process* (DOE-OIG-16-08); (2) OIG Audit and Inspection reports and Government Accountability Office (GAO) reports with open recommendations in the Departmental Audit Report Tracking System (DARTS), as of April 30, 2019; and (3) Science's audit resolution and followup process for OIG audit and inspection reports and GAO reports that had closed recommendations from fiscal years 2015 through 2017. This audit was conducted under the OIG project number A19GT019.

METHODOLOGY

To accomplish the audit objective, we:

- Reviewed the Office of Management and Budget Circular No. A-50 Revised (revised September 29, 1982) *Audit Follow-up* and Department Order 224.3, *Audit Resolution and Follow-up Program*.
- Reviewed policies and procedures pertaining to Science's and the Office of the Chief Financial Officer's audit resolution and followup processes.
- Reviewed prior reports issued by OIG and corrective actions taken by the Department to address recommendations made.
- Interviewed personnel from Science, the Office of the Chief Financial Officer, and OIG to gain an understanding of their roles and responsibilities, as well as procedures pertaining to their roles in the audit resolution and followup process.
- Identified the universe of all recommendations issued by OIG and GAO during fiscal years 2015 through 2017.
- Identified a judgmental sample of three OIG reports and one GAO report by focusing on the DARTS status, impact, and resources. Because the sample was selected judgmentally, the results and overall conclusions cannot be projected to the population. The sample included the following reports:

- *Management of Selected Department of Energy Contractors' Health and Post-Retirement Benefits* (OAI-M-16-15, August 2016);
 - *Atmospheric Radiation Measurement Climate Research Facility* (OAI-M-16-10, May 2016);
 - *Federal Research Opportunities: DOE, DOD, and HHS Need Better Guidance for Participant Activities* (GAO-16-128, January 2016), and;
 - *Follow-up on the Department of Energy's Management of Information Technology Hardware* (DOE/IG-0926, October 2014).
- Performed analyses on three OIG reports and one GAO report that had recommendations to Science. Our analysis included reviewing the assurance certification, the assessment of effectiveness, the assessment of corrective actions, and the target closure dates.
 - Analyzed Department timeliness of closing OIG and GAO recommendations and the associated audit reports in DARTS.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Accordingly, we assessed internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. Finally, we did not solely rely on computer-processed data to satisfy our audit objective. However, we did find that DARTS was not sufficiently reliable. Specifically, our testing revealed numerous instances of inaccurate and incomplete fields within DARTS and that source documentation that could be used to verify DARTS data was not always maintained. As a result, we made a recommendation designed to improve the accuracy and completeness of data in DARTS.

Management waived an exit conference on June 5, 2020.

RELATED REPORTS

Office of Inspector General

- Audit report on [*Management of Selected Department of Energy Contractors' Health and Post-Retirement Benefits*](#) (OAI-M-16-15, August 2016). We found that the selected facility contractors audited did not completely follow Department of Energy guidance contained in Department Order 350.1, *Contractor Human Resource Management Programs*, or associated contract requirements.
- Audit report on [*Atmospheric Radiation Measurement Climate Research Facility*](#) (OAI-M-16-10, May 2016). Nothing came to our attention to indicate that the Office of Science's management of the Atmospheric Radiation Measurement (ARM) Climate Research Facility was not generally effective. However, the audit team did identify some areas for improvement. Specifically, the ARM facility did not always obtain climate data sets from external users of its sites for inclusion in the ARM data archive. The ARM facility also did not always obtain final technical reports of the external projects, and, when reports were obtained, they were not always shared with other researchers and the public through the Department's repository at the Office of Scientific and Technical Information. Furthermore, the ARM facility had not fully addressed external recommendations regarding the establishment of an off-site backup of the ARM Data Archive.
- Audit report on [*The Department of Energy's Audit Resolution and Followup Process*](#) (DOE-OIG-16-08, March 2016). While the Department made improvements to the audit resolution and followup process, weaknesses continued to exist. Our review of closed recommendations in four Office of Inspector General audit reports found that in three of the four reports, the recommendations had been closed even though corrective actions taken by the Department's program offices and National Nuclear Security Administration were incomplete or ineffective. In addition, the Department often did not meet its established target milestones for implementing corrective actions and closing audit reports. Further, corrective actions taken by the Department were sometimes incomplete, ineffective, or untimely, in part, because of insufficient guidance and/or inadequate monitoring and oversight of the audit resolution and followup process.
- Audit report on [*Follow-up on the Department of Energy's Management of Information Technology Hardware*](#) (DOE/IG-0926, October 2014). We found that although the Department made efforts to address prior recommendations, weaknesses in the Department's governance of information technology hardware continued to exist. Specifically, we found the Department: (1) had not developed and implemented an effective information technology supply chain risk management program to protect its unclassified and national security systems and the information they process; and (2) often deviated from established information technology hardware standards and potentially paid over \$1.7 million more than necessary in fiscal year 2012.

- Audit Report on [*The Department of Energy's Audit Resolution and Follow-up Process*](#) (DOE/IG-0840, September 2010). The Department's audit followup process had been improved. Yet, we found that additional efforts are needed to ensure that prompt and effective corrective actions are taken to resolve weaknesses identified by Office of Inspector General audits. During our review of closed recommendations, we found that corrective actions had either not been completed or had not resolved all of the significant issues outlined in four of the five previously issued audit reports that were included in our examination. We also observed that in many cases the Department had not met its established target milestones for audit report closure. Notably, more than half of the 32 audit reports issued between May 2007 and August 2009 had not met or will not meet the Department's 1-year target closure date.

Government Accountability Office

- Audit report on [*Federal Research Opportunities: DOE, DOD, and HHS Need Better Guidance for Participant Activities*](#) (GAO-16-128, January 2016). For fiscal years 2010 through 2014, the 11 departments and other federal agencies that sponsor research participants collectively expended \$776.4 million for activities carried out through the Oak Ridge Institute for Science and Education (ORISE) research participation program (ORISE program). The three agencies with the highest expenditures for the program over the 5-year period were the Department, which oversees the contractor managing ORISE, and the Department of Defense and the Department of Health and Human Services, which both sponsor research participants via interagency agreements with DOE. Sponsoring agency components establish their own objectives for research participants and can decide whether and how to assess the extent to which the ORISE program meets those objectives. Federal guidance directs agencies to develop internal procedures to ensure that only federal employees perform inherently governmental functions. The Department, Department of Defense, and Department of Health and Human Services sponsoring components' guidance for research participants that the Government Accountability Office reviewed had varying levels of detail on inherently governmental functions. Officials at these agencies said that research participants' projects generally do not involve inherently governmental functions, but the Government Accountability Office found that some research participants' projects involve activities that are closely associated with inherently governmental functions, such as participating in certain policy and strategic planning meetings, which may increase the risk of the participants performing inherently governmental functions. Development of detailed guidance could help sponsoring components reduce this risk and help officials better ensure adherence to the federal guidance on inherently governmental functions.

MANAGEMENT COMMENTS



Department of Energy

Washington, DC 20585

May 27, 2020

MEMORANDUM FOR: TERI L. DONALDSON
INSPECTOR GENERAL

FROM: R. M. HENDRICKSON
DEPUTY CHIEF FINANCIAL OFFICER

A handwritten signature in blue ink, appearing to read "RMH", is written over the name "R. M. HENDRICKSON".

SUBJECT: Office of the Chief Financial Officer and the Office of Science
Response to the Inspector General's Draft Report on "*The Office of
Science's Audit Resolution and Follow-up Process (A19GT019)*"

The Office of the Chief Financial Officer (OCFO) and the Office of Science (SC) appreciates the opportunity to review and comment on the Office of Inspector General's (IG) draft report titled, "*The Office of Science's Audit Resolution and Follow-up Process (A19GT019)*." The attachment to this memorandum discusses actions planned by the Office of the Chief Financial Officer and the Office of Science to address the report recommendations.

If you have any questions regarding this response, please contact Thomas P. Griffin, Director, OCFO Office of Financial Policy and Audit Resolution, at 202-586-1585.

Enclosure

Management Response
OIG Draft Report - The Office of Science's Audit Resolution and
Follow-Up Process (A19GT019)

To improve the audit resolution and follow-up program at the Department, OIG recommends the Deputy Chief Financial Officer:

Recommendation 1: Develop a communication plan between the OCFO and the Department's audit coordinators to promote consistent and documented dissemination of guidance.

Management Response: Concur

In June 2019, the CFO Office of Financial Policy and Audit Resolution, Audit Resolution Team (ART) began conducting quarterly meetings with the Department's audit coordinators to improve communications. The meetings are used to discuss current issues regarding audit resolution and follow-up, provide any required guidance from OCFO, and answer questions and solicit suggestions from the Department's audit coordinators. At the end of each meeting, meeting notes are provided to each of the Department's audit coordinators to recap topics discussed during the meeting and provides future actions to be completed by ART, as applicable. ART plans to continue hosting the audit coordinators' meetings as a method to promote consistent and documented dissemination of guidance on the audit resolution and follow-up process.

In support of the OCFO's goal to optimize policies and processes, the CFO Office of Financial Policy and Audit Resolution is codifying internal procedures, which will include a documented communication plan discussing the quarterly audit coordinators' meetings as well as other communication processes.

Estimated Completion Date: September 30, 2020

Recommendation 2: Strengthen controls for assessing whether corrective actions adequately address audit report recommendations prior to closing the recommendations in DARTS by:

- a. Enforcing compliance with Department Order 224.3 regarding the performance of follow-up assessments or reviews and the preparation of the assurance statement; or
- b. Finalizing Department Order 224.3A to implement new internal controls for assessing that appropriate corrective actions have been taken to address audit report recommendations.

Management Response: Concur

The revised Departmental Order on *Audit Resolution and Follow-Up Program for Government Accountability Office and Office of Inspector General Activities* is currently in the concurrence process within the Department. The revised order clarifies requirements for audit closeout and focuses on the completion of corrective actions.

The revised order has undergone detailed review by Departmental officials through the RevCom system and is undergoing final review by members of the Directives Review Board, for approval by the Secretary.

Management Response
OIG Draft Report - The Office of Science's Audit Resolution and
Follow-Up Process (A19GT019)

Estimated Completion Date: October 30, 2020

Recommendation 3: Strengthen processes to promote timely resolution for GAO audit reports.

Management Response: Concur

The revised Departmental Order on *Audit Resolution and Follow-Up Program for Government Accountability Office and Office of Inspector General Activities* is currently in the concurrence process within the Department. The revised order will strengthen processes by clarifying DOE requirements for resolving GAO audit reports. The revised order has undergone detailed review by Departmental officials through the RevCom system and is undergoing final review by members of the Directives Review Board, for approval by the Secretary.

To strengthen the Department's process for promoting timely resolution of audit reports, the ART provides detailed milestone dates for responding to each GAO report and monitors progress towards meeting those milestones. Also, on a weekly basis, the ART meets with the DCFO to review the Department's progress towards meeting each report's designated milestone and escalate matters to senior Departmental officials, as needed.

Estimated Completion Date: October 30, 2020

Recommendation 4: Strengthen controls to monitor completion of corrective actions within established milestones and record justifications in DARTS when milestones are not met.

Management Response: Concur

In support of the OCFO's goal to optimize policies and processes, the OCFO will establish a process for monitoring aging audit recommendations, reporting missed milestones, and following up with program offices that are not meeting milestones. Processes will be included in the Office of Financial Policy and Audit Resolution standard operating procedures (SOPs).

Estimated Completion Date: October 30, 2020

Recommendation 5: Strengthen controls over the completeness and accuracy of information in DARTS.

Management Response: Concur

In support of the OCFO's goal to optimize policies and processes, the OCFO will establish a process for monitoring the completeness and accuracy of information maintained in the DARTS system. Processes will be included in the Office of Financial Policy and Audit Resolution standard operating procedures (SOPs).

Estimated Completion Date: October 30, 2020

Management Response
OIG Draft Report - The Office of Science's Audit Resolution and
Follow-Up Process (A19GT019)

To improve the audit resolution and follow-up program at Science, OIG recommends the Director of Science:

Recommendation 6: Create formal procedures for the audit resolution and follow-up program.

Management Response: Concur

The Office of Science will review existing procedures and work to revise formal procedures consistent with Departmental policy.

Estimated Completion Date: May 31, 2021

Audit Follow-up



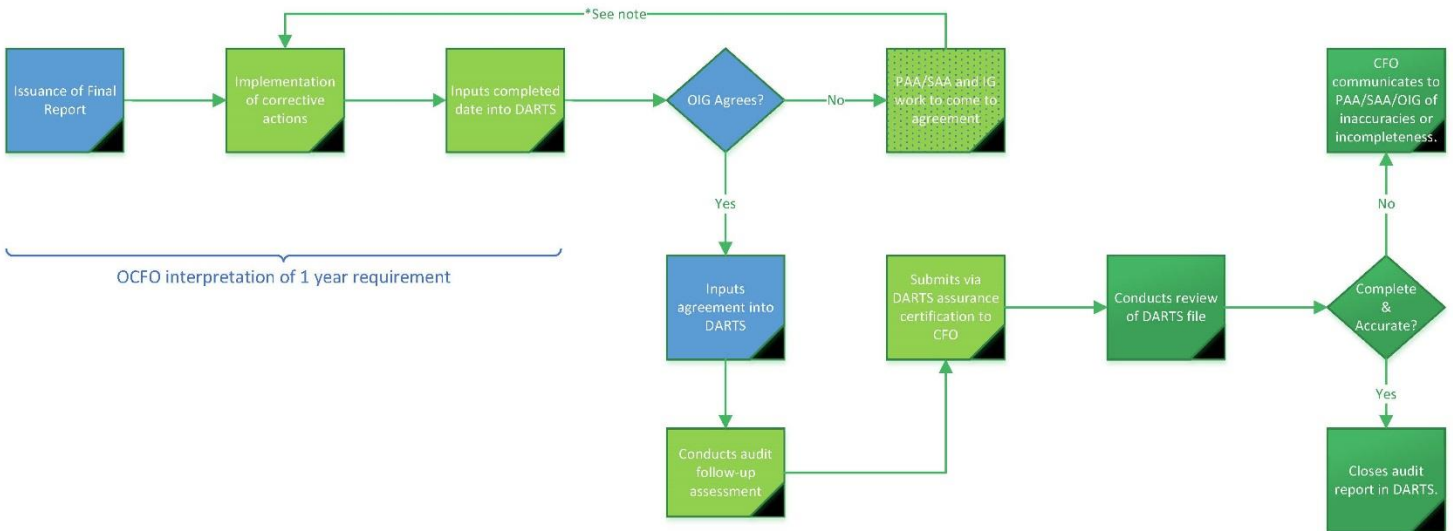
DEFINITIONS

Primary Action Activity (PAA): The organization assigned primary management responsibility for the functional activity or program that is the principal subject of an audit report. (Section 6(i))

Secondary Action Activity (SAA): Heads of primary organization responsible for ancillary, technical, or legal aspects covered in an audit report. (Section 6(l))

Departmental Internal Control and Audit Review Council (DICARC): A council established to provide senior management oversight of the audit resolution and follow-up program. The council convenes semiannually or when requested by the chairperson.

*Note: If the Inspector General and PAA/SAA do not come to agreement on the implementation of the corrective actions, then DICARC would provide guidance. (Section 5(a)(1))



FEEDBACK

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