

UNITED STATES
NUCLEAR REGULATORY COMMISSION
 WASHINGTON, D.C. 20555-0001



DEC 12 2001

Foxx and Company, CPAs
 ATTN: Mr. Martin O'Neill, Partner
 700 Goodall Complex, 324 West Ninth Street
 Cincinnati, OH 45202-1908

Dear Mr. O'Neill:

**SUBJECT: TASK ORDER NO. 16, MODIFICATION NO. 1, ENTITLED,
 "FINANCIAL MANAGEMENT ADVICE AND GUIDANCE" UNDER
 CONTRACT NO. NRC-09-97-205**

In accordance with Section B.21(c) of the subject contract entitled, "Task Order Award," this letter definitizes Modification No. 1 to Task Order No. 16 which (1) extends the period of performance through February 28, 2002, and (2) increases the fixed price amount of the task order by \$26,740 from \$37,400 to \$64,140. This effort shall be performed in accordance with the enclosed Statement of Work. Accordingly, the task order is hereby revised as follows:

The second paragraph of the definitization letter of the basic task order is deleted in its entirety and the following paragraph is substituted in lieu thereof.

"The period of performance for Task Order No. 16 shall be from October 1, 2001 through February 28, 2002, with a cost ceiling of \$64,140."

This task order obligates funds in the amount of \$26,740. The accounting data for Task Order No. 16, Modification No. 1, is as follows:

B&R No.:	27N-15-532-358
FIN No.:	L1965
Appropriation No.:	31X0200.27N
BOC No.:	252A
Obligated Amount:	<u>\$26,740</u>

The following individuals are considered to be essential to the successful performance of the work hereunder: [REDACTED]

The Contractor agrees that such personnel shall not be removed from the effort under the task order without compliance with contract clause, NRCAR 2052.215-70 entitled, "KEY PERSONNEL."

Your contacts during the course of this task order are:

Technical Matters: Robert Rakowski, Project Officer, (301) 415-7340

Contractual Matters: Paulette Smith, Contract Specialist, (301) 415-6594

The issuance of this task order does not amend any terms or conditions of the subject contract.

Please indicate your acceptance of this task order by having an official, authorized to bind your organization, execute three (3) copies of this document in the space provided and return two (2) copies to the U.S. Nuclear Regulatory Commission, ATTN: Paulette Smith, Division of Contracts and Property Management, Mail Stop: T-7-I-2, ADM/DCPM/CMB1, Washington, DC 20555. You should retain the third copy for your records. NOTE: A signed faxed copy shall be sent to Ms. Smith at (301) 415-5761 prior to mailing the hard copy to NRC.

Sincerely,

For Robert Webber
 Mary Mace, Contracting Officer
 Contract Management Branch 1
 Division of Contracts and
 Property Management
 Office of Administration

Enclosures:
As stated

ACCEPTED:

Matthew Walker

Name

Partner

Title

Date

12/14/01

STATEMENT OF WORK
Modification No. 1 to Task Order No. 16 Under Job Code L1965
Contract No. NRC-09-97-205

Title: Financial Management Advice and Guidance

Technical Monitor: Robert E. Rakowski, OCFO - (301) 415-7340
Designated Alternates: Anthony C. Rossi, OCFO - (301) 415-7379
Barbara K. Gusack, OCFO - (301) 415-6054

Background

Since the passage of the Chief Financial Officers Act of 1990, the Nuclear Regulatory Commission (NRC) must comply with new Federal financial accounting standards and reporting requirements. The Office of the Chief Financial Officer (OCFO) of the NRC requires financial management advice and guidance concerning accounting and audit issues that affect the NRC's annual financial statements, accounting policy, and operations. The OCFO also seeks assistance in the preparation of the annual financial statements and compilation documentation, account reconciliations, and other general financial and accounting support tasks.

Objective

The objective of this task order is to obtain financial management advice and guidance concerning accounting and audit issues that affect the NRC's annual financial statements, accounting policy and operations. Contractor assistance will include the review of exposure drafts and revisions to Statements of Federal Financial Accounting Standards (SFFAS); the NRC Accounting Policy Manual; OMB Form and Content for Agency Financial Statements; implementing guidance published by federal oversight agencies; and operating procedures, etc. The Contractor will also assist NRC in determining whether the fee charges for certain NRC services are appropriate by assessing the management controls and quality assurances for determining Part 170 Quarterly Billings. The review is limited to staff-hour licensing review costs incurred under TAC's issued during the period January 2001 to June 2001 by NMSS. In addition, the contractor will perform an internal control review of the PeopleSoft Time and Labor system.

Work Requirements

The contractor shall provide qualified personnel to complete the following tasks:

- A. **Financial Management Advice and Guidance:**
 - 1. **Review exposure drafts and revisions to Statement of Federal Financial**

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Accounting Standards (SFFAS); the NRC Accounting Policy Manual; OMB Form and Content for Agency Financial Statements; implementing guidance published by federal oversight agencies; and operating procedures, etc.

Upon completion of the reviews mentioned above, advise the Division of Accounting and Finance (DAF) concerning audit issues that affect the NRC's annual financial statements, accounting policy and operations.

2. Provide written recommendations on how to correct identified financial weaknesses (e.g., audit findings and internal controls), advise and assist with the implementation of corrective actions. The NRC Project Officer or designated alternate may determine that written recommendations are unnecessary and an oral response is adequate.
3. Assist NRC's DAF with preparing accounting information requested by OMB as it related to the annual financial statement and accountability report.
4. Provide biweekly progress reports commencing with the month of October 2001 on all active task orders and monthly fixed priced areas that include commercial payments, federal payment voucher tracking and follow-up, and debt collection. The contractor shall follow the attached form for preparing the biweekly progress reports; however, this format is subject to change at the discretion of the NRC Project Officer.

The biweekly progress reports shall contain accomplishments, problems encountered, and additional work projects.

5. At the beginning of each month, provide a monthly listing, commencing with the month of October 2001, of all contractor staff, their current assignments, scheduled absences for the month, the reason for the absence, and the names of the individual to perform work in the person's absence.
- B. Assessment of Management Controls and Quality Assurance Measures for Part 170 Quarterly Bills.
1. Obtain an understanding of the established controls and procedures at both the program offices and the Division of Accounting and Finance (DAF) and perform an assessment to determine if the established procedures are adequate to provide reasonable assurance that costs related to the materials program are properly recorded and billed.
 2. Perform tests to ensure the established procedures are operational.

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Deliverables

The contractor shall provide written advice, guidance and recommendations that are clear, organized and concise. The Project Officer or designated alternates may determine that written advice, guidance, and recommendations are unnecessary and an oral response is adequate for a particular task.

Provide a biweekly progress report on all active task orders and the monthly fixed price areas of the contract.

Provide a monthly listing of contractors staff and pertinent information as described under item No.5 above.

Provide an initial draft of observations and conclusions regarding the Assessment of Management Controls and Quality Assurance Measures for Part 170 Quarterly Bills by November 26, 2001.

Provide a final report of observations and conclusions by December 3, 2001.

Provide a written survey memo outlining the high risk areas and provide a basic estimate and alternative estimates for an evaluation of the input and output internal controls in the PeopleSoft system.

Meetings

The contractor shall attend approximately five (5) status meetings at NRC's Two White Flint North Building located at 11545 Rockville Pike, Rockville, Maryland. The date and time of each meeting will be coordinated between the contractor and the NRC Project Officer or designated alternates.

NRC Furnished Materials/Equipment

The NRC shall provide the contractor with the following items for use under this task order:

- ▶ Computer reports, financial and accounting documents, and other documentation relevant to this task order.
- ▶ Personal computers, calculators, telephones, copy and facsimile machines will be provided to certain on-site contractor staff for support of this task order.

Progress Payments

Payments under this task order shall be in accordance with contract clause B.24, "Progress Payments - Commercial Items."

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3. Interview NRC staff involved in the process to ascertain any billing anomalies that have come to the attention of management.
 4. Perform statistical sampling (the sampling size will be determined by NRC at a later date) of new TAC's issued in the March 2001 and June 2001 quarters to assess the following facets of the process:
 - a. Is the TAC properly coded as billable or non-billable?
 - b. Is the billable/non-billable TAC status properly recorded in RITS?
 - c. Are the hours reflected in RITS supported by signed and approved time records?
 - d. Was the correct TAC used based on a review of the time sheet description of activities performed?
 - e. For billable TAC's was the billing to the docket/license correct?
 - f. For non-billable TAC's were the hours excluded from the invoices generated?
- C. Internal Control Review of the PeopleSoft Time and Labor system.
1. Perform a survey of the PeopleSoft system by interviewing NRC staff involved with the system to determine areas of possible internal control weaknesses, and by gathering existing documentation such as flow charts and evaluations of controls that could eventually be used or modified for the actual internal control review.
 2. Provide several alternatives to evaluating the PeopleSoft input and output internal controls.

Period of Performance

Modification No. 1 to Task Order No. 16 extends the task order through February 28, 2002.