

October 1, 2007

MEMORANDUM TO: Timothy F. Hagan, Director
Office of Administration

FROM: Mary Lynn Scott, Director */RA/*
Division of Contracts
Office of Administration

SUBJECT: REASONABLE ASSURANCE STATEMENT
(ADM 07-0153/DC 07-0084)

ADM Ticket No. 07-0153/DC Ticket No. 07-0084 requests that the Division of Contracts (DC) determine if there is reasonable assurance that the management controls within DC are adequate, and if there are any significant weaknesses to report. The Reasonable Assurance Certification addresses the following management control objectives:

1. Programs achieving intended results
2. Resources used consistent with agency's mission
3. Programs/resources protected from waste, fraud, and mismanagement
4. Laws and regulations are followed
5. Reliable and timely information obtained, maintained, reported, and used for sound decision making

The following DC programs were reviewed and results are noted:

Contract Administration Activities

DC and the Office of Nuclear Reactors (NRO) participated in one of two pilot projects applying the Lean Six Sigma (LSS) method. This project involved a study of the task order process for new reactors technical assistance contracts. The project objective was to streamline current operations with the goal of improving the contracting process to support the NRO in achieving effective task order execution. This involved vigorous participation in a six week study. The team continues to work on open action items.

DC's Automated Acquisition Management System (AAMS) has been enhanced to provide for improved data collection, tracking, and reporting.

DC has revised templates for procurement correspondence issued by contract specialists for uniformity. The following templates have been updated in FY 2007:

1. SBA Agency Offering Letter for Noncompetitive 8(a) contract awards
2. SBA Agency Offering Letter for Competitive 8(a) contract awards
3. Delegation of Procurement Authority Request for Actions Greater than \$750,000 (Chairman Review/Approval not Required)
4. Task Order Log for Tracking Contract Ceiling, Obligations, and Invoices
5. Contract File Checklist
6. Contract Award Notification to the Office of Congressional Affairs

DC performs biweekly reviews of general procurement data entered by staff in AAMS as well as performing reviews for data entered by staff in AAMS and FPDS-NG for Performance Based Acquisitions. The special reviews have ensured that FPDS-NG reports used by OFPP for assessing NRC accomplishments for PBA are accurate. DC has exceeded the OFPP FY 2006 target achievement level for obligation of service contracting dollars utilizing Performance-Based contracting techniques. The target achievement level is 40% for FY 2007. To date, fifty-one percent (51%) of eligible service contract dollars have been awarded as performance base and is expected to increase by September 30, 2007.

DC developed new electronic Access FY 2007 Year End Procurement Reports which are sent during the last six weeks to the program offices and DC operation branches. The reports help the DC branch chiefs manage year end workload and facilitates communication with client offices to complete as many pending purchase requests as possible. DC posted the reports to the shared site (s:\DCPROCURE\DCReports.htm) and to the newly revised website. The new online report shows, by office, the status of FY07 pending procurement actions and awarded procurement actions, within DC.

DC posted to the NRC external website, a letter to NRC vendors informing them of the E-Verify program and inviting them to participate in the program. The E-Verify Program is an internet-based system operated by the Department of Homeland Security in partnership with the Social Security Administration that allows participating employers to electronically verify the employment eligibility of their newly hired employees.

DC has awarded 1,237 actions with obligations totaling \$102,614,639 to date in the Federal Procurement Data System (FPDS-NG) and is expecting to increase the number of action to 1,410 and increase the obligations to \$150,000,000 by September 30, 2007.

DC exceeded its operating plan goal for on-time invoices submitted to the Office of the Chief Financial Officer (OCFO) in accordance with agreed upon schedules. The target projection is 90% and through proactive tracking, the percent of on-time invoices submitted to OCFO was maintained at 92%. The number of invoices processed is 4,771.

Procurement Oversight

In FY 2007 twenty-one file reviews on the U.S. Department of Energy (DOE) Laboratories and Interagency Agreements (IA) were completed to ensure that corrective actions were taken.

In FY 2007 DC commenced acquisition procedures for acquiring contractor support services for file reviews for DOE Laboratories and IAs. The contract award is expected to take place in early FY08.

The DC website was restructured to provide new and improved information, including new on-line year End Procurement Reports, and revised Chairman Paper Guidance including revised templates and additional guidance. The website provides easy access to DC contacts, acquisition training, NRC's Fair Act Inventory, Frequently Asked Questions for Project Managers, the Purchase Card Handbook, and more.

Revised Management Directive 11.7 "NRC Procedures for Placement and Monitoring of Work With DOE" and Management Directive 11.8, "NRC Procedures for Placement and Monitoring Work With Other Federal Agencies Other Than DOE" were approved and issued March 2, 2007.

DC developed a training module and reference tool (student manual) to aid project managers in managing IAs with DOE and other Federal agencies. This course will commence in FY08. This course will be an expansion of the Acquisition training curriculum for project managers (PM), as a mandatory course for PMs involved in DOE laboratory IA projects.

During FY 2007, DC has reviewed, provided comments, and concurred on 28 Chairman paper packages meeting the threshold for Chairman review.

DC, in conjunction with the Office of General Counsel, conducted three tutorial seminars on Organizational Conflicts of Interest Procedures. Approximately 120 project managers attended this training.

Efforts have commenced in developing procedures for retrieval and accessing past performance data for use by acquisition workforce in award considerations.

Purchase Card Program

Twenty-five NRC staff members have taken the on-line purchase card training during FY 2007.

Continuous oversight of purchase card transactions is accomplished on-line through Citibank's direct banking line.

Purchase card file reviews of FY 2006 actions for all regions were completed in FY 2007.

Acquisition Certification and Training Program

DC continues to manage the Agency Acquisition Certification and Training Program for PMs. Staff is required to complete all mandatory acquisition training prior to appointment, unless rare and unusual circumstances prevent certification. No PMs are serving on active contracts without certification or waivers.

DC internal web page provides an alphabetical listing of certified PMs. In FY 2007, 211 new project managers were certified.. Currently, there are 1,084 certified PMs.

During FY 2007, 54 acquisition training modules were offered to PM staff. The training manuals have been updated to reflect changes required for compliance with procurement regulations and successful project management. An on-line training program is offered to PMs who are required to be re-certified every three years.

Acquisition Career Development Program

The DC continues to monitor compliance with the acquisition career development program in conjunction with the annual training plan. Ten of twelve DC interns have completed the Federal Acquisition Certification in Contracting (FAC-C) requirements for Level I and are currently working toward Level II certification. All 1102 series staff continue to satisfy the requirement to complete 80 hours of acquisition training over a two-year period.

Competitive Sourcing Program

Three (3) business case analyses (BCAs) from two (2) headquarter program offices and one (1) regional office were completed. The Source Selection Authority determined that it was not cost-effective and therefore not appropriate to initiate public-private competitions for these activities.

The DC submitted the FAIR Act Inventory to the Office of Management and Budget (OMB) in a timely manner on June 29, 2007. There were no sustained challenges or appeals to the FAIR Act Inventory.

Acquisition Career Development Program

DC continues to monitor compliance with the acquisition career development program in conjunction with the annual training plan. A division wide review has been conducted of all 1102 series staff for compliance with the current continuing acquisition training requirement for 80 hours (effective October 1, 2007) of procurement training over a two-year period. Staff has been scheduled for completion of courses needed to satisfy this training requirement.

Based on the above review, DC believes management controls are adequate and that there are no significant weaknesses to report.

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JC 9/19/07
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