

October 19, 2012

MEMORANDUM TO: Stephen D. Dingbaum  
Assistant Inspector General for Audits  
Office of the Inspector General

FROM: Darren B. Ash **/RA/**  
Deputy Executive Director  
for Corporate Management  
Office of the Executive Director for Operations

SUBJECT: STATUS OF RECOMMENDATIONS: AUDIT OF U.S. NUCLEAR  
REGULATORY COMMISSION'S CONTRACT ADMINISTRATION OF  
THE ENTERPRISE PROJECT MANAGEMENT CONTRACT  
(OIG-12-A-18)

The following provides a response to Recommendations 1, 2, 3, and 4 in the subject audit report.

Recommendation 1:

Update Management Directive [MD] 11.1 to reflect current contract administration-related terminology, including current process flow charts illustrating specific contractor invoice review procedures.

Response:

Agree, in part. The Division of Contracts (DC) will revise MD 11.1 to include general invoice review guidance and current terminology. MD 11.1 will direct the agency to follow specific invoice policies, procedures, and workflows established outside of MD 11.1.

Target Completion Date: May 31, 2014  
Point of Contact: Joseph Schmidt, ADM/DC/PPT  
Phone: (301) 492-3626

Recommendation 2:

Expedite publication of interim guidance that clarifies and updates current contract administration-related terminology and processes for invoice review.

CONTACT: Joseph Schmidt, ADM/DC  
(301) 492-3626

Response:

Agree. DC will develop and publish invoicing procedures to ensure consistent review of contract invoices. DC will ensure that this information is accessible and visible to contracting officer representatives.

Target Completion Date: June 30, 2013  
Point of Contact: Joseph Schmidt, ADM/DC/PPT  
Phone: (301) 492-3626

The Office of the Chief Financial Officer will develop and publish an invoice workflow separate from MD 11.1.

Target Completion Date: June 30, 2013  
Point of Contact: Erikka Legrand, CFO/DOC/PPB  
Phone: (301) 415-7748

In the interim, on October 10, 2012, the Office of Administration issued a memorandum to Office Directors reminding offices, and in particular Contracting Officer Representatives (CORs), of the importance to properly review contract invoices. This memorandum was also sent to Program Management, Policy Development and Analysis Directors and CORs on October 15, 2012. The memorandum can be found in ADAMS at ML12277A411 and is posted on The CORner at <http://portal.nrc.gov/edo/adm/dc/pms/default.aspx>.

Recommendation 3:

Develop and implement an agencywide standard to guide the invoice review and approval process with a requirement to routinely evaluate source documentation, including but not limited to labor hour timesheets and contractor certified payroll records, as appropriate for the contract type and nature of services provided.

Response:

Agree. DC will develop and publish one or more checklists to ensure consistent review and approval of contract invoices.

Target Completion Date: January 31, 2013  
Point of Contact: Joseph Schmidt, ADM/DC/PPT  
Phone: (301) 492-3626

Recommendation 4:

Using the new agencywide standard, certify the accuracy of invoices received from and payment made to the contractor since the inception of Contract # NRC-DR-33-10-303 through its closeout.

Response:

Agree, in part. The contractor is responsible for certifying the accuracy of invoices, however, DC will use an independent contractor to review and verify contract invoice information under NRC-DR-33-10-303 using a standard process (i.e., checklist).

Target Completion Date: April 30, 2013

Point of Contact: Sharlene McCubbin, ADM/DC/POT

Phone: (301) 492-3616

Response:

Agree, in part. The contractor is responsible for certifying the accuracy of invoices, however, DC will use an independent contractor to review and verify contract invoice information under NRC-DR-33-10-303 using a standard process (i.e., checklist).

Target Completion Date: April 30, 2013

Point of Contact: Sharlene McCubbin, ADM/DC/POT

Phone: (301) 492-3616

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