



OFFICE OF THE
INSPECTOR GENERAL

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

October 4, 2017

MEMORANDUM TO: Victor M. McCree
Executive Director for Operations

Maureen E. Wylie
Chief Financial Officer

FROM: Dr. Brett M. Baker */RA/*
Assistant Inspector General for Audits

SUBJECT: STATUS OF RECOMMENDATION: AUDIT OF THE U.S.
NUCLEAR REGULATORY COMMISSION'S CONTRACT
ADMINISTRATION PROCESS (OIG-17-A-20)

REFERENCE: OFFICE OF ADMINISTRATION'S MEMORANDUM DATED
SEPTEMBER 11, 2017

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendations as discussed in the agency's response dated September 11, 2017. Based on this response, recommendations 1, 2 and 3 are resolved. Please provide a status update on the resolved recommendation by April 20, 2018.

If you have questions or concerns, please call me at (301) 415-5915 or Eric Rivera, Team Leader, at (301) 415-7032.

Attachments: As stated

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Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S CONTRACT ADMINISTRATION PROCESS

OIG-17-A-20

Status of Recommendations

Recommendation 1: Develop and implement a system that centralizes the management of contractor provided invoices and supporting documentation.

Agency Response Dated
September 11, 2017:

Agree. The Office of Administration (ADM), in coordination with the Office of the Chief Financial Officer, is implementing the Invoice Processing Platform (IPP). IPP is a secure, web-based system provided by the U.S. Department of the Treasury's Bureau of the Fiscal Service in partnership with the Federal Reserve Bank of Boston (FRBB). IPP is available at no cost to any commercial vendor or independent contractor doing business with participating government agencies, including the NRC. IPP will contain all contractor-submitted invoices and supporting documentation when required from the date the first IPP invoice is submitted. IPP is being rolled out in stages.

The target date for completion is June 1, 2018.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after verifying that IPP roll out and user training are complete and that the IPP centralizes the management of the Agency's contractor provided invoices and supporting documentation

Status: Resolved.

Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S CONTRACT ADMINISTRATION PROCESS

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Status of Recommendations

Recommendation 2: Develop a uniform prescribed practice and methodology to be used by Contracting Officer Representatives (CORs) to validate invoiced labor hours charged.

Agency Response Dated
September 11, 2017:

Agree. The NRC currently has checklists that are required to be used by CORs when submitting approval of an invoice for a contract and task order exceeding \$1M. One of these checklists, Invoice Checklist for Time-and-Materials (T&M) or Labor-Hour (LH) Type Contracts/Orders, ensures that a structured practice and methodology is used by CORs to validate invoiced labor hours. The Acquisition Management Division (AMD) will review the content of this checklist, and evaluate its consistent use by CORs, and revise it as necessary. Additionally, guidance will be developed by AMD, and shared with CORs, to ensure that this checklist is used appropriately and consistently.

The target date for completion is March 31, 2018.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation after reviewing the new guidance along with the associated Invoice Checklist for Time-and-Materials or Labor-Hour Type Contracts and Orders and after verification that the guidance strongly encourages appropriate and consistent use of the checklist by CORs.

Status: Resolved.

Audit Report

AUDIT OF THE U.S. NUCLEAR REGULATORY COMMISSION'S CONTRACT ADMINISTRATION PROCESS

OIG-17-A-20

Status of Recommendations

Recommendation 3: Design and implement procedures for timely contract closeout initiation by CORs.

Agency Response Dated
September 11, 2017:

Agree. AMD will create interim guidance to supplement the closeout procedures currently outlined in Management Directive (MD) and Directive Handbook (DH) 11.1. This guidance, to be coordinated with the Office of the Chief Financial Officer (OCFO), will provide more detailed procedures to facilitate timely initiation of contract closeout by the CORs.

The target date for completion is July 31, 2018.

OIG Analysis: The proposed corrective action addresses the intent of OIG's recommendation. OIG will close this recommendation on review of new, detailed procedures for more timely initiation of contract closeout and after verification that the new procedures are implemented.

Status: Resolved.