



OFFICE OF THE
INSPECTOR GENERAL

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

September 17, 2018

MEMORANDUM TO: Margaret M. Doane
Executive Director for Operations

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

SUBJECT: STATUS OF RECOMMENDATIONS: EVALUATION OF
NRC'S OVERSIGHT OF THE AGENCY'S FEDERALLY
FUNDED RESEARCH AND DEVELOPMENT CENTER
CONTRACT (OIG-18-A-17)

REFERENCE: ACTING DEPUTY EXECUTIVE DIRECTOR FOR
MATERIALS, WASTE, RESEARCH, STATE, TRIBAL
COMPLIANCE, ADMINISTRATION, AND HUMAN CAPITAL
PROGRAMS, MEMORANDUM DATED AUGUST 9, 2018

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated August 9, 2018. Based on this response, recommendations 2 and 3 are closed, and recommendations 1 and 4 are resolved. Please provide an updated status of the resolved recommendations by November 16, 2018.

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

Attachment: As stated

cc: R. Lewis, OEDO
H. Rasouli, OEDO
J. Bowen, OEDO
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Evaluation Report

EVALUATION OF NRC'S OVERSIGHT OF THE AGENCY'S FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTER CONTRACT

OIG-18-A-17

Status of Recommendations

Recommendation 1: Develop and implement procedures to use the COR Invoice Review Checklist (Cost-Reimbursement Type Contracts/Orders - required for all contracts and orders exceeding \$1M), for all FFRDC invoices to ensure they are prepared in accordance with NRC Billing Instructions for Cost-Reimbursement Type Contracts.

Agency Response Dated August 9, 2018:

Agree. The Office of Administration (ADM) will update the procedures for use of the COR Invoice Review Checklist (Cost-Reimbursement Type Contracts/Orders) to include the FFRDC invoices. During the training provided to FFRDC CORs (see Recommendation 3), ADM covered the use of the COR Invoice Review Checklist for invoices under the FFRDC contracts.

Target Completion Date: October 12, 2018.

OIG Analysis: OIG auditors reviewed the agenda for the COR training session completed on June 13, 2018, and determined that ADM addressed use of the checklist for FFRDC invoices. This recommendation will be closed when ADM updates the invoice review checklist procedures to require its use for all FFRDC invoices, and provides proof of implementation.

Status: Resolved.

Evaluation Report

EVALUATION OF NRC'S OVERSIGHT OF THE AGENCY'S FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTER CONTRACT

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Status of Recommendations

Recommendation 2: Revise procedures to require delegation memoranda to be signed by CORs, and approved by their supervisor, before the start of the period covered by the designation.

Agency Response Dated August 9, 2018:

Agree, with the exception of the timing of the COR delegation. On June 18, 2018, ADM revised Acquisition Instruction #2011-07, "Contracting Officer's Representative Delegation and Appointment Memorandum," to require that the contracting officer issue the COR Delegation Memorandum at the time of award. The delegation memorandum instructs the COR to return the signed delegation within 7 days of receipt.

Completed: June 18, 2018

OIG Analysis:

OIG auditors reviewed the revised Acquisition Instruction #2011-07, and also conducted a follow-up discussion with the agency on its August 9, 2018, response to obtain additional clarification. Subsequently, OIG determined the corrective actions meet the intent of this recommendation. Therefore, this recommendation is closed.

Status:

Closed.

Evaluation Report

EVALUATION OF NRC'S OVERSIGHT OF THE AGENCY'S FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTER CONTRACT

OIG-18-A-17

Status of Recommendations

Recommendation 3: Provide training to FFRDC CORs specific to FFRDC contract administration including, but not limited to, the structure of SwRI and CNWRA, the difference between the Charter and non-Charter contracts, invoice review and delegation memoranda.

Agency Response Dated August 9, 2018:

Agree. On June 13, 2018, ADM provided training to FFRDC CORs on FFRDC contract administration. The topics discussed included (1) the technical objective of charter and non-charter contracts, (2) ordering procedures under both contracts, (3) use of the COR Invoice Review Checklist, (4) an explanation of indirect costs, and (5) responsibilities under the COR designation memo.

Completed: June 13, 2018.

OIG Analysis:

OIG auditors reviewed the attendance list and the agenda for the June 13, 2018 COR training session, and also conducted a follow-up discussion with the agency on its August 9, 2018, response to clarify training will take place annually. OIG auditors determined this corrective action address the intent of this recommendation. Therefore, this recommendation is closed.

Status:

Closed.

Evaluation Report

EVALUATION OF NRC'S OVERSIGHT OF THE AGENCY'S FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTER CONTRACT

OIG-18-A-17

Status of Recommendations

Recommendation 4: Revise NRC Billing Instructions for Cost-Reimbursement Type Contracts, to include language prohibiting the contractor from billing rates that have not been incorporated into the contract by written modification.

Agency Response Dated
August 9, 2018:

Agree. ADM will revise the NRC's Billing Instructions for Cost-Reimbursement Type Contracts to include language prohibiting the contractor from billing rates that have not been incorporated into the contract by written modification.

Target Completion Date: October 1, 2018

OIG Analysis:

The proposed actions meet the intent of this recommendation. This recommendation will be closed when ADM revises the billing instructions to prohibit the contractor from billing rates that have not been incorporated into the contract by written modification.

Status:

Resolved.