
OFFICE OF
THE INSPECTOR GENERAL

U.S. NUCLEAR
REGULATORY COMMISSION

REVIEW OF NRC'S
CONTRACTING
FOR
CONSULTING SERVICES

OIG/94A-37 October 14, 1994

AUDIT REPORT



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SYNOPSIS

The Office of the Inspector General is required by law to annually report to Congress on the U.S. Nuclear Regulatory Commission's (NRC) use of consulting services. The Office of Management and Budget established policy and guidelines which include management controls and reporting standards for Government agencies.

We concluded that NRC has established an effective system of management controls for procuring and administering consulting services. Our audit also found that the agency has improved controls to ensure the reporting of contract data to the Federal Procurement Data System.

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INTRODUCTION

The Office of the Inspector General is required by Pub. L. No. 97-258 to report to Congress on the effectiveness of the U.S. Nuclear Regulatory Commission's (NRC) management controls over consulting services. The report is to be included along with the agency's annual budget justification.

The objective of our review was to evaluate the NRC's progress in establishing effective management controls related to the procurement and administration of consulting services, and to assess the accuracy with which the agency reports information on consulting services to the Federal Procurement Data System (FPDS). Details on the scope and methodology of our review are presented in Appendix I.

BACKGROUND

One of the reasons Pub. L. No. 97-258 was passed was because of the history of problems associated with the procurement and administration of consulting services by Government agencies. Among these were an over reliance on consulting services, conflicts of interest, and "revolving door" arrangements, i.e., former Government employees being favored during the procurement process.

Guidance for the use and reporting of consulting services was previously contained in the Office of Management and Budget's Circular No. A-120, Guidelines for the Use of Advisory and Assistance Services. Circular A-120 has now been rescinded. The guidance has been revised and incorporated into other policy documents (see Appendix II). However, the statutory requirement for the Inspector General to report on the management controls remains in effect.

FINDINGS

We found that NRC has in place an effective system of management controls for the procurement and administration of consulting services. Guidance for implementing the management controls can be found in the following agency directives:

Management Directive (MD) 10.6, Use of Consultants and Experts

MD 11.1, NRC Acquisition of Supplies and Services

MD 11.7, NRC Procedures for Placement and Monitoring of Work With the Department of Energy

We also found that the agency has improved controls over the reporting of contract actions to the FPDS. Contract specialists are now required to simultaneously submit the contract and the FPDS report data to NRC's Contract Information Assistant for entering into the FPDS and the agency's contract tracking system.

CONCLUSION

We conclude that NRC has established an effective system of management controls for procuring and administering consulting services, and has continued to improve controls over the reporting of contract actions to the FPDS.

SCOPE AND METHODOLOGY

We conducted our review of consulting services at NRC Headquarters between July and September of 1994. Interviews and discussions were held with NRC managerial, procurement, and administrative staff from the Office of Administration and the Office of Personnel. Our review of consulting services included a review of the agency's compilation of active contracts for FY 94, and review of the procedure used for entering these contract actions into the Federal Procurement Data System.

We discussed changes in regulatory guidance relating to service contracting with the Deputy Associate Administrator from the Office of Federal Procurement Policy (OFPP), Office of Management and Budget.

Criteria used in our review came primarily from Pub. L. No. 97-258, Federal Acquisition Regulation Subpart 37.2, OFPP Policy Letter 93-1, and NRC Management Directives.

Our audit was performed in accordance with generally accepted Government auditing standards and included appropriate tests of the data and records and other applicable auditing procedures.

SOURCES FOR GUIDANCE ON THE USE OF CONSULTING SERVICES

Notice of the rescission of Office of Management and Budget (OMB) Circular No. A-120, "Guidelines for the Use of Advisory and Assistance Services," appeared in the Federal Register on December 2, 1993. Guidance contained in the Circular has been revised and incorporated into other policy documents as appropriate. Those documents include:

- (1) Office of Federal Procurement Policy (OFPP) Policy Letter 93-1, "Management Oversight of Service Contracting"
- (2) OFPP Policy Letter 92-1, "Inherently Governmental Functions"
- (3) OFPP Policy Letter 91-2, "Service Contracting"
- (4) OFPP Policy Letter 89-1, "Conflicts of Interest Applicable to Consultants"
- (5) OMB Circular A-76, "Performance of Commercial Activities"
- (6) OFPP's Guidance on Contract Administration

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