

DOE/ORO CONTROL FORM - ORO FINAL DIRECTIVE

PART A (To be completed by the Division of Primary Interest (DPI))

1. **NUMBER AND TITLE OF DIRECTIVE:** **ORO O 220, Chapter VII, Change 3, AUDIT RESOLUTION AND FOLLOWUP**

2. **PURPOSE OF TRANSMITTAL:** New Directive Revised Directive

3. **THIS DOCUMENT MAY AFFECT THE WORK PERFORMED BY THE FOLLOWING CONTRACTORS:** (Check appropriate boxes)

No (all contractors)

Yes If yes, whom? Bechtel Jacobs Co. ORAU UT-Battelle

Other contractors (list by type)

Many ORO contractors have approved S/RIDs or WSS sets that may affect applicability of contractor requirements from this directive. Applicability of contractor requirements must take into account the approved standards set for each particular contract.

4. **SIGNIFICANT PROVISIONS:** Are there any significant changes or impact? No Yes
If yes, describe: This ORO chapter is part of the ORO sunset review process. Changes to this chapter include the addition of the National Nuclear Security Administration Y-12 Site Office (YSO).

5. **CONTACT POINT:** Jeanette Miller Financial Evaluation and Accountability Div., FM-73 576-9653
Name Organization Telephone

PART B (To be completed by the Directives Management Group (DMG)):

6. **FILING INSTRUCTIONS:**

<u>Remove</u>	<u>Dated</u>	<u>Insert</u>	<u>Dated</u>
ORO Control Form	06/19/2001	ORO Control Form	06/25/2003
ORO O 220, Chapter VII, Chg. 2, Pages VII-1 thru VII-7	06/19/2001	ORO O 220, Chapter VII, Chg. 3, Pages VII-1 thru VII-7	06/25/2003

ORO Directives are available on the ORO Directives Management Home Page at http://www.ornl.gov/doe_oro_dmg/oro_dir.htm. The ORO Directives will no longer be mailed in printed copy unless you do not have Internet capabilities.

7. **APPROVED FOR DISTRIBUTION IN ACCORDANCE WITH THE OFFICIAL DIRECTIVES DISTRIBUTION LIST:**

Original Signed By
Wayne H. Albaugh 06/25/2003
Signature: DMG Team Leader, AD-440 Date

INSTRUCTIONS TO ADDRESSEES: THIS FORM IS TO BE FILED WITH THE DIRECTIVE AND RETAINED

Rev. 01/10/2003

NNSA/YSO DIRECTIVES CONTROL FORM – FINAL DIRECTIVE

PART A (To be completed by the ORO DIRECTIVES MANAGEMENT GROUP, AD-440):	
DIRECTIVE NUMBER, TITLE, AND DATE:	
ORO O 220, CHAPTER VII, CHANGE 3, AUDIT RESOLUTION AND FOLLOWUP, dated 06/25/2003	
PURPOSE OF TRANSMITTAL: _____ New Directive <input checked="" type="checkbox"/> Revised Directive	
DOES THIS DIRECTIVE CANCEL/REPLACE OR EXTEND ANY OTHER DIRECTIVES? <input checked="" type="checkbox"/> Yes _____ No If "Yes," list what action (cancel/replace or extend) and list the directive(s), including the number(s), title(s), and date(s): This Order cancels ORO O 220, Chapter VII, Change 2, AUDIT RESOLUTION AND FOLLOWUP, dated 06/19/2001.	
The attached directive is forwarded for review and action. Complete Part B and forward this form to ORO DMG, AD-440, by 07/11/2003 .	
PART B (To be completed by the NNSA Y-12 SITE OFFICE, Y12-01):	
CONTRACTOR APPLICABILITY:	
Does this directive affect the work performed by BWXT Y-12, L.L.C.? <input checked="" type="checkbox"/> Yes _____ No	
Does this directive affect the work performed by BWXT Y-12, L.L.C., subcontractors? _____ Yes <input checked="" type="checkbox"/> No If "Yes," list the subcontractors: Many contractors have approved S/RIDs or WSS sets that may affect applicability of contractor requirements from this directive. Applicability of contractor requirements must take into account the approved standards set for each particular contract.	
SIGNIFICANT PROVISIONS: Are there any significant changes or impact? _____ Yes <input checked="" type="checkbox"/> No List summary of directive changes and, if "Yes" above, describe the significant changes or impact: 	
IMPLEMENTATION: Does the directive contain special implementation requirements and/or dates? _____ Yes <input checked="" type="checkbox"/> No If "Yes," describe: 	
FOR DOE DIRECTIVE – SUPPLEMENTAL DIRECTIVE REQUIRED? Is a new or revised supplemental directive required? _____ Yes <input checked="" type="checkbox"/> No If "Yes," target date for submission of draft supplemental directive is _____.	
IDENTIFY CONTACT POINT: <u>James R. Martin</u> <u>576-0868</u> Name Telephone	
APPROVED BY COR FOR DIRECTIVES: <u>Diane McCarten, COR for Dir.</u> <u>576-9330</u> Signature Date Telephone	
PART C (To be completed by the ORO DIRECTIVES MANAGEMENT GROUP, AD-440):	
<i>DOE Directives are available on the DOE Directives, Regulations, Policies, and Standards Portal at http://www.directives.doe.gov/. ORO Directives are available on the ORO Directives Management Group Home Page at http://www.ornl.gov/doe_oro_dmg/oro_dir.htm. Directives will no longer be mailed in printed copy unless you do not have Internet capabilities.</i>	
APPROVED FOR DISTRIBUTION IN ACCORDANCE WITH OFFICIAL DIRECTIVE DISTRIBUTION LIST: Original Signed By <u>Jennifer G. Hamilton, AD-440</u> <u>07/08/2003</u> Name Date	
INSTRUCTIONS TO ADDRESSEES: THIS FORM IS TO BE FILED WITH THE DIRECTIVE AND RETAINED. (Revised 01/10/2003)	

U.S. Department of Energy

Oak Ridge Operations

ORO O 220
Chapter VII
Change 3

DATE: 06/25/2003

SUBJECT: AUDIT RESOLUTION AND FOLLOWUP

1. PURPOSE. This chapter correlates to DOE 2300.1B, AUDIT RESOLUTION AND FOLLOWUP, dated June 8, 1992, by assigning responsibility and accountability and providing administrative and/or contractual guidance to Oak Ridge Operations (ORO), the National Nuclear Security Administration Y-12 Site Office (YSO), and its contractors. Nothing in this issuance changes any requirements contained in any Department of Energy (DOE) directive.
2. CANCELLATION. This chapter cancels and replaces ORO O 220, Chapter VII, Change 2, AUDIT RESOLUTION AND FOLLOWUP, dated June 19, 2001.
3. APPLICABILITY. The provisions of this chapter apply to ORO and YSO Principal Staff and to contractors to the extent set forth in a contract.
4. RESPONSIBILITIES.
 - a. Director, Financial Evaluation and Accountability Division (FEAD).
 - (1) Performs those tasks identified in DOE 2300.1B, subparagraph 6f (1)-(6), (10)-(13), and (15).
 - (2) Establishes ORO and YSO audit followup process and monitors the Managing and Operating (M&O) contractors' followup activities to ensure that audit reports are resolved and documentation is maintained in accordance with DOE 2300.1B.
 - (3) Coordinates followup actions to ensure that audit findings and recommendations are resolved within six (6) months from an audit report issuance date or receipt date (as applicable).
 - (4) Advises the Manager on the status of all open audit reports and all actions taken to correct deficiencies and implement recommendations.
 - b. Director, Oak Ridge Financial Service Center (ORFSC).
 - (1) Establishes accounting and collection controls to ensure prompt recovery of amounts due the Government and prompt payment of amounts owed by the Government.

- (2) Notifies the appropriate Audit Action Officer and FEAD of all collections of audit-related debts.
- c. Director, Procurement and Contracts Division, performs those tasks identified in DOE 2300.1B, subparagraphs 6f(7) and (9).
- d. Action Officers (Contracting Officers, Contract Specialists, Contracting Officer=s Representatives, and other Designated Officials).
 - (1) Prepare and transmit to FEAD, as soon as possible, but not later than six (6) months from issuance of audit reports, an Audit Report Action Plan on open audit report recommendations identified in DOE 2300.1B, subparagraph 6f(5). (See sample Audit Report Action Plan, Attachment 2 of this chapter.)
 - (2) Respond to requests of the FEAD and provide audit followup information and updates on open audit report recommendations by the 15th day of March and September for preparation of the semiannual Departmental Audit Report Tracking System (DARTS) report to Headquarters. Information required includes copies of all correspondence to and from the contractor regarding audit reports, negotiation memoranda, copies of checks where monies are recovered, and copies of final vouchers.
 - (3) Prepare and transmit to the FEAD either a formal DARTS Status Report or information on the status of open report recommendations on applicable audit reports to meet the semiannual DARTS submission to Headquarters. (See sample DARTS Status Report, Attachment 3 of this chapter.)
 - (4) Prepare and transmit to the FEAD an Audit Closeout Memorandum, which includes a certification at the bottom of the DARTS Status Report that an audit followup assessment or review has been conducted on each recommendation in the audit report. (See sample Audit Closeout Memorandum, Attachment 4 of this chapter.)
 - (5) Monitor corrective actions on open audit report recommendations until completed and report corrective actions to the FEAD.
 - (6) Notify the FEAD and ORFSC of all accepted audit recommendations resulting in amounts due the Government or for payment of amounts by the Government.
 - (7) Coordinate and monitor the activities of contractors in the establishment and maintenance of an audit followup system in accordance with DOE 2300.1B, subparagraph 5b, including:
 - (a) Maintenance of complete and accurate files for each audit report issued on internal audits of M&O contractors and subcontractors.
 - (b) Resolution of audit findings and recommendations within six (6) months from an audit report issuance date, or document exceptions.
- e. Principal Staff ensures that performance appraisals of appropriate officials reflect internal control effectiveness in carrying out audit resolution and followup responsibilities.

5. REQUIREMENTS AND PROCEDURES. None.
6. REFERENCES.
 - a. ORO O 220, Chapter III, Change 3, ESTABLISHMENT OF DEPARTMENTAL POSITION ON INSPECTOR GENERAL REPORTS, dated April 2, 2002, and any subsequent revisions.
 - b. ORO O 220, Chapter IV, Change 3, COORDINATION OF GENERAL ACCOUNTING OFFICE ACTIVITIES, dated June 25, 2003, and any subsequent revisions.
7. DEFINITIONS. None.
8. CONTRACTOR REQUIREMENTS DOCUMENT. See Contractor Requirements Document, Attachment 1 of this chapter.
9. ATTACHMENTS.
 - a. Attachment 1 - Contractor Requirements Document.
 - b. Attachment 2 - Audit Report Action Plan.
 - c. Attachment 3 - DARTS Status Report.
 - d. Attachment 4 - Audit Closeout Memorandum.

CONTRACTOR REQUIREMENTS DOCUMENT

Contractors identified in paragraph 3 of this chapter will establish and maintain a formal audit tracking system to follow up the audit process in accordance with DOE 2300.1B, subparagraph 5b, to the extent set forth in their contract.

AUDIT REPORT ACTION PLAN

OAK RIDGE OPERATIONS OFFICE

DCAA AUDIT REPORT NO. 4161 -75171046 (DARTS NO. OR-88-043)

AUDITEE: XYZ CORPORATION

TITLE: "ADVISORY AUDIT ON TERMINATION SETTLEMENT PROPOSAL," CPFF
CONTRACT NO. DE-AC05-XXX002120

FINDING(S). The auditor questioned (\$99,999) potentially due the contractor. Revised questioned costs of (\$99,999). (See below.)

RECOMMENDATION. That questioned costs be reinstated to the contractor.

ACTION PLANNED. Concur. Negotiations have been ongoing between DOD and XYZ Corporation. Resolution is contingent upon the venture closeout and negotiation settlement. Questioned costs will be resolved when the Joint-Venture is closed out, which is now projected to be mm/dd/yy. On mm/dd/yy, a letter to XYZ suggested that it handle the settlement of indirect rates with XXX.

When the revised indirect rates (obtained from DCAA in March 1989) were substituted for the estimated rates used in the audit report, the refund of \$99,999 potentially due the contractor became a net payment due of \$99,999. Therefore, the questioned costs are revised to reflect this change. Closure is projected at mm/dd/yy.

Mary Doe, Contract Specialist
Procurement & Contracts Division
Oak Ridge Operations Office

Date

DARTS STATUS REPORT
DEPARTMENTAL ELEMENT NAME
SEMIANNUAL PERIOD ENDING MARCH 31 or SEPTEMBER 30, _____
GAO OR IG AUDIT REPORT NUMBER/DARTS NUMBER
DATE REPORT ISSUED/MANAGEMENT DECISION DATE

TITLE OF THE REPORT. Enter the title from the audit report.

FINDING(S). A brief synopsis of the report's findings.

RECOMMENDATION (#). Each open recommendation is to be repeated verbatim from the audit report and addressed separately.

ACTION PLANNED. State the action planned from the approved Management Decision (formerly called Departmental position). This information may be summarized if it is more than two paragraphs; however, do not change specific actions to be taken. A target date for completion of corrective action must also be provided; if unknown, state why. If it is determined that planned actions as stated in the Management Decision cannot be accomplished, a full explanation must be given below in the Status of Action update for the current semiannual period.

STATUS OF ACTION PERIOD ENDED (DATE). Describe specific actions taken and any delays encountered during the semiannual period. If the corrective actions planned have changed since the Management Decision was approved, give a full explanation.

The report should include a Status of Action for the current period, plus the two previous semiannual reporting periods; the sequence of the reporting periods is the current period's status report first, followed by the prior status reports in reverse chronological order. Also, recommendations for which corrective action has been completed and closure agreed to by the DOE Chief Financial Officer are to be deleted from the status report. A status update of "No change" or "Same as below" is unacceptable.

(Name and Signature of Audit Action Officer) (Title and Routing Symbol)

(Telephone Number) (Date)

The signature of the audit action officer must be included on the status report.

AUDIT CLOSEOUT MEMORANDUM
DEPARTMENTAL ELEMENT NAME
SEMIANNUAL PERIOD ENDING MARCH 31 or SEPTEMBER 30, _____
GAO OR IG AUDIT REPORT NUMBER/DARTS NUMBER
DATE REPORT ISSUED/MANAGEMENT DECISION DATE

TITLE OF THE REPORT. Enter the title from the audit report.

FINDING(S). A brief synopsis of the report's findings.

RECOMMENDATION (#). Each open recommendation is to be repeated verbatim from the audit report and addressed separately.

ACTION PLANNED. State the action planned from the approved Management Decision (formerly called Departmental position). This information may be summarized if it is more than two paragraphs; however, do not change specific actions to be taken. A target date for completion of corrective action must also be provided; if unknown, state why. If it is determined that planned actions as stated in the Management Decision cannot be accomplished, a full explanation must be given below in the Status of Action update for the current semiannual period.

STATUS OF ACTION PERIOD ENDED (DATE). Describe specific actions taken and any delays encountered during the semiannual period. If the corrective actions planned have changed since the Management Decision was approved, give a full explanation.

The report should include a Status of Action for the current period, plus the two previous semiannual reporting periods; the sequence of the reporting periods is the current period's status report first, followed by the prior status reports in reverse chronological order. Also, recommendations for which corrective action has been completed and closure agreed to by the DOE Chief Financial Officer are to be deleted from the status report. A status update of "No change" or "Same as below" is unacceptable.

(Name and Signature of Audit Action Officer) (Title and Routing Symbol)

(Telephone Number) (Date)

The signature of the audit action officer must be included on the status report.

ASSURANCE: An "Assurance of Effectiveness of Corrective Actions Taken" must be provided on operational audit reports in order to close them in DARTS. The "Assurance" must be signed by the Head of the Departmental element or his/her formal designee. If signed by the formal designee, a copy of the formal delegation of authority must be or have been provided to the Audit Liaison Division before closure can be effected.