



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

August 9, 2018

MEMORANDUM TO: Dr. Brett M. Baker
Assistant Inspector General for Audits
Office of the Inspector General

FROM: Daniel H. Dorman */RA/*
Acting Deputy Executive Director for Materials, Waste,
Research, State, Tribal, Compliance, Administration,
and Human Capital Programs
Office of the Executive Director for Operations

SUBJECT: STAFF RESPONSE TO THE OFFICE OF INSPECTOR
GENERAL'S AUDIT OF THE NUCLEAR REGULATORY
COMMISSION'S OVERSIGHT OF THE AGENCY'S FEDERALLY
FUNDED RESEARCH AND DEVELOPMENT CENTER CONTRACT
(OIG-18-A-17)

The staff has received the Office of Inspector General's (OIG's) report for Audit OIG-18-A-17, "Audit of the NRC's Oversight of the Agency's Federally Funded Research and Development Center Contract," dated July 11, 2018. This memorandum provides the staff's responses to all OIG recommendations. Each staff response includes the staff's planned actions and target dates for completion.

Recommendation 1:

Develop and implement procedures to use the Contractor Officer's Representative (COR) Invoice Review Checklist (Cost-Reimbursement Type Contracts/Orders – required for all contracts and orders exceeding \$1M), for all Federally Funded Research Development Center (FFRDC) invoices to ensure they are prepared in accordance with the Nuclear Regulatory Commission Billing Instructions for Cost-Reimbursement Type Contracts.

Response:

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.

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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 delegation.

Response:

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

Recommendation 3:

Provide training to FFRDC CORs specific to FFRDC contract administration including, but not limited to, the structure of the Southwest Research Institute and Center for Nuclear Waste Regulatory Analyses, the difference between the Charter and non-Charter contracts, invoice review, and delegation memoranda.

Response:

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.

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.

Response:

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

STAFF RESPONSE TO THE OFFICE OF INSPECTOR GENERAL'S AUDIT OF THE
NUCLEAR REGULATORY COMMISSION'S OVERSIGHT OF THE AGENCY'S FEDERALLY
FUNDED RESEARCH AND DEVELOPMENT CENTER CONTRACT (OIG-18-A-17) DATED
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***Concurrence via e-mail**

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