

THIS PAGE MUST BE KEPT WITH DOE 2300.1B, AUDIT RESOLUTION AND FOLLOWUP.

DOE 2300.1B, AUDIT RESOLUTION AND FOLLOWUP, HAS REVISED DOE 2300.1A TO REFLECT ORGANIZATIONAL TITLE, ROUTING SYMBOL, AND OTHER EDITORIAL REVISIONS REQUIRED BY SEN-6. NO SUBSTANTIVE CHANGES HAVE BEEN MADE. DUE TO THE NUMBER OF PAGES AFFECTED BY THE REVISIONS, THE ORDER HAS BEEN ISSUED AS A REVISION.

6-8-92

**This directive was reviewed and certified as current and necessary by (Enter Name), (Enter Title) Director, Office of Management, Budget and Evaluation/Chief Financial Officer, XX-XX-XXXX.**

**SUBJECT: AUDIT RESOLUTION AND FOLLOWUP**

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1. PURPOSE. To prescribe policies and procedures for audit resolution and followup in the Department of Energy (DOE); to assign responsibility to managers for establishing, evaluating, improving and reporting on audit resolution and followup for their respective programs; to describe requirements for quarterly reporting to the Departmental Audit Report Tracking System (DARTS); and to prescribe the Departmental Internal Control and Audit Review Council's (DICARC) responsibility for management oversight of the audit resolution and followup program.
2. CANCELLATION. DOE 2300.1A, AUDIT COMPLIANCE AND FOLLOWUP, of 6-21-88.
3. REFERENCES.
  - a. DOE 2320.2B, ESTABLISHMENT OF DEPARTMENTAL POSITION ON INSPECTOR GENERAL REPORTS, of 5-18-92, which prescribes policies, responsibilities, and procedures for action required in establishing a Departmental position on recommendations in final Inspector General (IG) operational audit reports.
  - b. DOE 2340.1C, COORDINATION OF GENERAL ACCOUNTING OFFICE ACTIVITIES, of 6-8-92, which prescribes policies, responsibilities and procedures for the coordination of General Accounting Office (GAO) activities and actions required when GAO reports contain recommendations pertaining to the Department.
  - c. Office of Management and Budget (OMB) Circular No. A-50 (revised), "Audit Followup," of 9-29-82, which provides the policies and procedures for use by executive agencies when considering reports issued by auditors where followup is necessary. The circular requires prompt resolution within 6 months of issuance (or 6 months after receipt if non-Federal audit) and prompt corrective actions on audit recommendations. The circular further describes the role of the agency audit followup official and strengthens procedures for audit resolution and followup.
  - d. Public Law (P.L.) 101-576, Chief Financial Officers Act of 1990, which strengthens financial management in the Federal Government by establishing a Chief Financial Officer (CFO) in each cabinet level

agency and assigning to this position responsibility for budget, accounting, pricing, internal controls, and other financial management functions.

4. DEFINITIONS. Attachment 1 lists the definitions applicable to this Order.
5. POLICY AND PRINCIPLES.
  - a. Audit resolution and followup is an integral part of good management and is a key element of senior managers' responsibilities. It is essential that top management be involved in corrective actions to resolve findings and recommendations in order to improve the effectiveness and efficiency of DOE operations.
  - b. A formal followup system shall be established by the Head of each Departmental Element to manage the audit followup process and to provide a mechanism for reporting to the Departmental system, which provides centralized tracking to facilitate oversight at the Departmental level. These systems shall provide for a complete record of actions taken on both monetary and non-monetary findings and recommendations. These systems must also provide for periodic review of the results of the management and operating contractors' (M&O) audit followup systems and ensure that documentation of M&O followup activities is maintained. Audits performed by M&O contractors and audits of M&O subcontractors must be tracked in the M&O contractors' audit followup systems and monitored by the appropriate Departmental Element or tracked by the Departmental Elements' audit followup systems to ensure timely resolution and settlement. Regulatory audits shall not be tracked in DARTS but must be included in the Economic Regulatory Administration's audit followup system.
  - c. Audit findings and recommendations shall be resolved within 6 months from an audit report issuance date or receipt date (as applicable). (See Attachment 1, page 2, paragraph 12. )
  - d. An audit action plan shall be required whenever an audit report contains at least one recommendation for action to be taken by DOE, or contains questionable costs, or contains other findings pertaining to a contract or financial assistance agreement. Action plans should be maintained within the permanent file of the Departmental Element. Formal plans are not to be submitted as part of the DARTS. However, planned actions should be shown when a DARTS status report is required. Preaward audits and audits performed solely to determine indirect cost rates are exempt from this requirement.
  - e. Primary responsibility for effective audit resolution and followup rests with the Head of the Departmental Element to which an audit finding and recommendation pertains.
  - f. Documentation of the policies, procedures and processes comprising the audit followup system(s) shall be established and maintained by each Departmental Element.

- g. Departmental Elements shall submit quarterly reports to the CFO for audit resolution and followup activities in order for the Department to have the opportunity for early warning indicators on items that may require DICARC attention.
- h. Audit reports shall remain open in DARTS until all recommendations have been closed and subjected to an audit followup assessment or review. An assurance shall be required by the Heads of Departmental Elements, or designees, that an audit followup assessment or review has been conducted and necessary corrective actions have been completed. Assurances from Field Elements shall be concurred in by their assigned Lead Program Secretarial Officer (PSO). The audit report will remain open in DARTS until the assurance is received and approved by the CFO.
- i. Accounts receivable shall be established for disallowed costs which result from a contracting officer's determination that a debt (claim) is due the Department consistent with Departmental policy. Conversely, accounts payable shall be established for audit findings which result in amounts owed by the Department consistent with Departmental policy.
- j. Late payment. charges shall be assessed on audit related debts in accordance with Departmental policy. To discourage unwarranted appeals, interest shall continue to accrue while an appeal is underway.
- k. An allowance for non-collection of an audit report related debt shall be established in accordance with Departmental policy.
- l. The procedures implemented under this Order shall not be implemented in any manner to limit or modify the authorities, responsibilities, or independence of the Inspector General.

6. RESPONSIBILITIES.

- a. Departmental Internal Control and Audit Review Council shall:
  - (1) Review and oversee Departmental audit resolution and followup activities in accordance with the Council's Charter which was approved by the Secretary on March 8, 1991. The CFO shall chair the Council. Other voting members shall include the Inspector General, a Headquarters Secretarial Officer appointed on a rotating basis by the Chairperson, the Manger of a DOE Field Office appointed on a rotating basis by the Chairperson, and the Director, Office of Procurement, Assistance and Program Management. A non-voting technical advisor from the Office of the Secretary will also serve on the DICARC. Heads of Departmental Elements, or their designees, shall attend council meetings when requested to address audit followup matters pertaining to their organizations.

- (2) Review the current status of audit resolution and followup activities in the Department to determine whether followup systems result in effective, prompt, and proper resolution and corrective action on audit recommendations.
- (3) Review audit followup status as reported in DARTS and:
  - (a) Provide guidance on corrective actions to be taken on audit findings and recommendations when designated officials have failed to make such determinations within the prescribed timeframes.
  - (b) Require additional corrective action when actions reported as being complete have not been sufficiently responsive to audit findings and recommendations.
  - (c) Resolve issues when the CFO and a Head of a Departmental Element are unable to agree that the corrective action is sufficient to close an audit recommendation.
- (4) Recommend a Departmental position in those instances in which the Heads of Departmental Elements and the CFO cannot resolve major disagreements with the Inspector General.
- (5) Invite individual Heads of Departmental Elements to meetings when the agenda includes substantive issues pertinent to their respective organizations.
- (6) Convene at least semiannually or upon call of the chairperson

b. Chief Financial Officer (CR-1) shall:

- (1) Chair the Departmental Internal Control and Audit Review Council (DICARC) . As Chair of the DICARC, the CFO shall:
  - (a) Prepare the recommended agenda to include all items determined by analysis of the reports and audit followup review to merit DICARC review and action. As a minimum, the agenda shall include:
    - 1** Instances of audit reports that are not resolved within 6 months and status of efforts to reach resolution.
    - 2** Unresolved major disagreements between Departmental officials and the Inspector General.
    - 3** All reports not closed after 1 year or more following date of management decision.
    - 4** Instances of significant or repeated noncompliance with the provisions of this Order.
    - 5** Untimely or unresponsive corrective action on significant findings and recommendations.

- 6 Items remaining open from prior DICARC meetings.
- (b) Plan and schedule DICARC meetings and recommend the attendance of appropriate officials. Heads of Departmental Elements shall be notified in advance of agenda items that pertain to their organization.
  - (c) Prepare, assemble, and distribute material in advance of scheduled meetings.
  - (d) Prepare and distribute minutes of DICARC meetings.
  - (e) Prepare and issue action items resulting from DICARC decisions.
  - (f) Provide information to DICARC at each meeting on action items until all such actions have been completed.
  - (g) Retain all pertinent information until DICARC action items have been completed.
- (2) Serve as the Department's audit followup official as designated by the Secretary. In this capacity, the CFO shall:
- (a) Act as principal advisor to the Secretary on the status of audit resolution and followup matters.
  - (b) Prepare the Secretary's Semiannual Report to Congress on Inspector General audit reports, as required by P.L. 100-504, Inspector General Act Amendments of 1988.
  - (c) Develop, implement, and maintain audit resolution and followup policy, procedures, and tracking and reporting systems.
  - (d) Notify Departmental Elements of the specific audit reports for which a DARTS Status Report must be provided.
  - (e) Review quarterly DARTS reports and assess whether corrective actions taken or planned are timely and responsive.
  - (f) Provide copies of quarterly DARTS status reports regarding the IG reports to the IG for independent review and comment. The CFO shall evaluate the IG's comments where there are matters of disagreement regarding the closure of recommendations and discuss the matter with the IG and the respective Departmental Element. The CFO shall attempt to seek resolution of differences regarding actions taken to effect closure.
- (9) Conduct an independent review to determine if the corrective action meets the intent of the recommendation to ensure adequate closure action.

- (h) Make the final determination on the closure of audit recommendations. In those instances when there are differences of opinion on closure, the CFO shall refer the matter to the DICARC.
  - (i) Periodically analyze audit followup activity to determine trends and system-wide problems and to recommend solutions.
- c. Director of Procurement, Assistance and Program Management (PR-1) shall:
  - (1) Establish appropriate implementing policies and procedures for resolution and settlement of contract audit reports by contracting officers, consistent with the policies and procedures prescribed in this Order.
  - (2) Monitor the timeliness of action taken to resolve and settle contract audit reports as a part of procurement management assistance reviews.
  - (3) Assist the Office of Chief Financial Officer in the review of DARTS status reports submitted for contract audit reports to assure adequate action is being taken to close the audit report.
  - (4) Serve as a voting member of DICARC.
- d. Inspector General (IG-1) shall:
  - (1) Review the DARTS status reports submitted by Departmental Elements on IG audit reports and notify the CFO of concerns or disagreements with the status of corrective actions taken or planned.
  - (2) Periodically evaluate the audit followup systems and assess whether the systems result in effective, prompt, and proper resolution and corrective action on audit recommendations.
  - (3) Serve as voting member of DICARC.
- e. Administrator of Economic Regulatory Administration (RG-1) shall:
  - (1) Ensure that the requirements for resolution and corrective action as contained in paragraph 5 are carried out for those regulatory reports under RG's cognizance.
  - (2) Ensure that appropriate followup systems are in place for audits under RG's cognizance.
- f. Heads of Departmental Elements shall:
  - (1) Demonstrate a commitment to resolving audit reports by assuring that procedures and controls are developed to provide timely, accurate, and complete responses to audit reports.

- (2) Document and maintain operating procedures and systems to comply with policies and responsibilities set forth in this Order.
- (3) Designate an official as audit followup coordinator and provide his or her name and telephone number to the CFO.
- (4) Designate an official as audit action officer for each audit report containing findings or recommendations pertaining to areas of assigned responsibilities.
- (5) Assure that an audit action plan is prepared by the audit action officer as part of the audit resolution process (i.e., not later than 6 months from issuance of the report). The plan shall include a concurrence or nonconcurrence for each recommendation and a specific plan of corrective action with appropriate target close dates for implementing all accepted recommendations. Target close dates for contract audit reports are optional at the discretion of the audit action officer. The statement to congressional committees pursuant to DOE 2340.1C for a GAO report, or a Departmental position on an IG report pursuant to DOE 2320.2B, normally will satisfy the requirement for an operational audit report action plan. For contract audit reports, including IG contract and Annual Audit Statement reports, the action plan can take various forms, such as (a) the letter to the auditee stating acceptance or rejection of the recommendations and directing the auditee to initiate corrective action, (b) the prenegotiation memorandum detailing a planned course of corrective action, or (c) a written determination setting forth the basis for rejecting the recommendations.
- (6) Provide instruction on the process and procedures at the Departmental Element to acquaint personnel having audit resolution and followup duties with audit followup requirements to ensure the prompt and proper resolution of audit recommendations and findings.
- (7) Assure that the cognizant procurement office notifies the cognizant finance and accounting office of all disallowed costs which result from a contracting officer's determination that a debt (claim) is due the Department, and assure that all information necessary for the establishment of appropriate accounting and collection controls is transmitted expeditiously to that organization.
- (8) Assure that the audit action officer is promptly advised by the cognizant finance and accounting office of all collections of audit related debts.
- (9) Obtain concurrence of their legal counsel prior to closing any finding of apparent fraud and any audit finding or recommendation involving a legal issue.

- (10) Assure that complete and accurate documentation is maintained on all actions taken in response to audit findings and recommendations.
  - (11) Assure that reported deficiencies have been corrected through the conduct of audit followup assessments and/or reviews prior to closing out an audit report in the audit followup system. These assessments or reviews should be scheduled as soon as practicable following implementation of the corrective action. The documentation for the assessment or review must be maintained by the audit followup coordinator.
  - (12) Submit the quarterly DARTS Inventory of Audit Reports and required DARTS Status Report to the CFO in accordance with instructions in Attachment 2.
  - (13) At the request of the DICARC, attend or provide representation at DICARC meetings when items on the agenda pertain to their organizational areas of responsibility.
  - (14) Assure that performance appraisals of appropriate officials reflect internal control effectiveness in carrying out audit resolution and followup responsibilities.
  - (15) Provide for coordinating resolution and corrective action on recommendations involving more than one Departmental Element, agency, or level of Government.
7. POINT OF CONTACT. Requests for further information or assistance should be directed to the CFO.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.  
Acting Director  
Administration and Human  
Resource Management

## DEFINITIONS

The following terms are defined as used in this Order. Since audit resolution and followup is performed by individuals from a variety of professional disciplines, some definitions could differ from generally accepted custom and usage.

1. APPARENT FRAUD. Any apparent willful or conscious wrong-doing that adversely affects the Department's interests. It includes, but is not limited to, acts of dishonesty that contribute to loss or injury to the Department.
2. AUDIT. Work done by auditors in examining financial statements and in reviewing: (a) compliance with laws and regulations; (b) economy and efficiency of operations; (c) effectiveness in achieving program results; and (d) allowability of cost claimed against the Department.
3. ACTION OFFICER. The individual designated by the Head of a Departmental Element to ensure and document that all findings are addressed and accepted recommendations are implemented for a specific audit report. For audit recommendations relating to contracts and financial assistance agreements, the audit action officer is normally the contracting officer administering the award.
4. AUDIT ACTION PLAN. A formal written plan required by OMB Circular A-50 which provides planned corrective action and target dates for completion of corrective actions. The plan is prepared and maintained by the cognizant Departmental Element.
5. AUDIT FOLLOWUP ASSESSMENT. An independent examination of operational audit followup status reports to determine whether the audit recommendations have been adequately addressed.
6. AUDIT FOLLOWUP COORDINATOR. The individual designated by the Head of a Departmental Element to serve as liaison with the Office of the CFO to coordinate and track audit resolution and followup for the respective Departmental Element.
7. AUDIT FOLLOWUP OFFICIAL. The individual designated by the Secretary to ensure that the Department's audit followup activities result in prompt and proper resolution of audit recommendations. The Chief Financial Officer has been delegated this responsibility.
8. AUDIT FOLLOWUP REVIEW. A systematic, onsite verification and appraisal to determine if corrective action has been implemented on audit recommendations. This differs from an audit followup assessment in that an audit followup review involves an independent onsite verification, whereas an audit followup assessment may be performed based on information prepared by the audited organization.
9. AUDIT FOLLOWUP SYSTEM. The policies, procedures and controls established and documented by each Departmental Element to ensure timely and proper action on all audit reports with findings and recommendations pertaining to that Departmental Element.

10. AUDIT REPORT. For purposes of this Order, audit reports are categorized into two types: operational and contract. Operational audit reports generally involve actual or potential fraud, waste, error or procedural deficiencies applicable to Departmental Elements and activities audited or reviewed primarily by GAO or IG. Contractual audit reports cover not only contracts, per se, but financial assistance agreements as well. Contract audit reports will generally concern the allowability of costs claimed by commercial and other organizations doing work for DOE, but could also include fraudulent claims, compliance, economy and efficiency audits of those organizations when DOE is responsible for assuring that the necessary corrective action is taken.
11. AUDIT REPORT ISSUANCE DATE. The date that an audit report is released. This date begins the period for audit report resolution. In instances where the receipt date by the DOE action office is more than 30 days after the issuance date, the receipt date may be substituted for the issuance date. The reason for using the receipt date in lieu of the release date must be documented.
12. AUDIT RESOLUTION. The point in the audit followup process when the audit action officer makes a determination as to whether management will act on audit findings, recommendations or advice (as opposed to the completion of agreed upon action). For GAO and IG operational audit reports, this normally takes place when the official Departmental response on the audit recommendations is signed. For contract audit reports, audit resolution usually is evidenced by written notification to the auditee initiating appropriate corrective action, a prenegotiation memorandum/plan, or written determination setting forth the basis and rationale for accepting or rejecting the audit report recommendations from the contracting officer. An audit report may be considered resolved despite the right of persons outside the agency to negotiate, appeal, or litigate.
13. CLOSED AUDIT REPORT. An operational audit report is considered closed when the designated audit action officer has documented that all recommendations have been satisfactorily implemented or properly rejected in accordance with this order. An essential part of closure action is a determination of the adequacy of the corrective actions taken by means of conducting audit followup assessments and/or reviews. A contract audit report is considered closed when the designated audit action officer has documented that amounts due to, or owed by, the Department have actually been recovered or paid.
14. DARTS INVENTORY OF AUDIT REPORTS. This is a formal report listing all audit reports included in DARTS for each Departmental Element.
15. DARTS STATUS REPORT... A formal report indicating action which has been taken pursuant to recommendations outlined in audit reports and in accordance with the audit action plan.
16. DISALLOWED COST. The amount of questionable cost determined by a contracting officer to be unallowed and therefore not payable by the Department.

17. DOCUMENTATION. Paperwork related to the resolution and implementation process consisting of all memoranda, letters, and responses that provide the course of action taken by management that would enable a third party to reconstruct the resolution decisions and implementation actions taken.
18. ERROR. An act or condition of unknowing deviation from generally accepted management or accounting practices.
19. FINDING. A written observation describing a problem area disclosed by an audit. Findings serve as the basis for audit recommendations.
20. INSPECTION REPORT. For purposes of this Order, inspection reports and memorandum reports of inspections issued by the DOE Inspector General are considered to be the same as audit reports.
21. MAJOR DISAGREEMENT. Any instance in which the IG disagrees with the response to an IG report and deems the differences to be significant.
22. OPERATIONAL AUDIT. Pertains to the operation and management of Departmental programs and administrative functions.
23. QUESTIONABLE COST. This term is unique to this Order and is defined as the total cost, both questioned and unsupported, set out by the auditor in the audit report for consideration and resolution. The term has been developed to comply with direction for management reporting to DICARC, as well as external agency reporting.
24. QUESTIONED COST. Any cost proposed or claimed for payment or reimbursement that is recommended for disallowance by the auditor because it does not appear to meet one or more of the following criteria: reasonableness; allocability; cost accounting standards, where applicable; generally accepted accounting principles; applicable cost principles; or specific contract or financial assistance agreement provisions. Questioned cost does not include audited costs which are questioned only because total incurred costs exceed the limit established in a contract or financial assistance agreement.
25. RECOMMENDATION. A course of action recommended to Departmental management which is intended to correct a deficiency disclosed in an audit report. Recommendations include questionable costs in contract audit reports.
26. RECOUPMENT. A reduction in the amount otherwise payable by the Department on a contract by the amount of questionable costs disallowed, thereby effectively recovering the amount disallowed although no funds are received. Recoupment may be effected against amounts claimed by the contractor on the same contract under which the debt arose.
27. RECOVERED COST. The amount of questionable cost determined to be disallowed by a contracting officer and subsequently recovered by the Department.
28. REGULATORY AUDIT. Audits that result in fines or penalties, assessments or price adjustments, or other monetary recoveries.

29. REINSTATED COST. The amount of questionable cost determined to be allowable by a contracting officer and therefore payable by the Department.
30. UNSUPPORTED COST. A cost on which the auditor defers an opinion regarding allowability due to lack of documentation, except when the deferment is based on a limitation in the scope of the audit (unaudited cost) .
31. WASTE. This is an inefficient, uneconomical, or ineffective use of appropriated funds, personnel, or property.

DARTS INPUT REPORTS

1. GENERAL. The DARTS includes all GAO and IG operational audit reports and all postaward contract audit reports containing questionable costs or other findings (see criteria, below). For purposes of DARTS, questionable costs, questioned costs, and unsupported costs are reported separately. The audit reports subject to DARTS are entered into the system by the Departmental Element responsible for the corrective action. Two detailed input reports are required in DARTS to capture individual audit report followup status. Data required to complete the input reports are available from either the audit report or the files of the cognizant audit followup coordinator or audit action officer. DARTS input reports, as requested by the CFO, shall be provided by the last day of the calendar quarter. Examples of the input reports are included on pages 9, 10, 11, and 12 of this attachment. Figure 1 provides guidance for including an audit report on the DARTS Inventory of Audit Reports (DIAR) and preparing the DARTS Status Report (DSR).

<u>Type of Audit Report</u>	DIAR	DSR
GAO	Yes	Yes 1/
IG		
- Blue cover	Yes	Yes 1/
- Buff cover	Yes	Yes 1/
- Flash report	No	No
- Letter report	No	No
- Memo report	Yes	Yes 1/
- Contract audit	Yes	Yes 1/ 2/
- Audits performed solely to determine indirect costs rates	No 3/	No
- Preaward audit	No 3/	No
- Annual Audit Statement reports	Yes	Yes 1/
- Grant audit	Yes	Yes 1/
- Investigative report	No	No
Other Federal and non-Federal audit reports		
- Contract ●udit	Yes	Yes 1/ 2/
- Financial assistance audit	Yes	Yes 1/ 2/
- Preaward audit	No 4/	No
- Audits performed solely to determine indirect costs rates	No 4/	No
- Internal audits of M&O contractors	No	No
- Regulatory audits	No	No
Subcontract audit (IG or other)	No	No

1/ The CFO will identify those audits, through issuance of a quarterly CALL to all applicable Departmental Elements, which require the submission of DARTS Status Reports. See Attachment 2, Page 5 for specific criteria which will be used by the CFO when requesting DARTS Status Reports.

2/ DSR required when audit report is a) 6 months or older and no Management Decision b) older than 6 months and over \$100,000 questionable costs, or c) not closed after 1 year following date of Management Decision.

3/ Information regarding these audits will be submitted separately on a quarterly basis and be included in the Semiannual Report to Congress.

4/ Information regarding these audits will be maintained in the official contract files only.

Figure 1

2. DARTS Inventory of Audit Reports (DIAR).

- a. The DIAR establishes the baseline for Departmental overview of followup status for individual audit reports. This input report includes all applicable audit reports received during the current quarter and those that were open at the end of the prior quarter. All applicable reports must continue to be listed if they are open at the end of, or have been closed during, the quarter being reported. Additionally, reports received and closed during the quarter being reported must also be listed on the IAR. Once an audit has been reported as closed in accordance with the above guidance, it need not be reflected on subsequent reporting submissions.
- b. Instructions for Completing DIAR. An example of a completed DIAR is provided on pages 9 and 10 of this attachment.

(1) Column 1 is used for two data fields:

- (a) DARTS Report Number. Insert the seven-character DARTS report number assigned by the reporting Departmental Element. Use the first two characters for identification of the Departmental Element (see Attachment 3 for standardized abbreviations), the second two for the fiscal year (as obtained from the audit report number itself), and the last three for sequential number (e.g., AL-91-001).
- (b) Audit Report Number. This is the actual number assigned to the audit report by audit organization or other identifying designation and is included in parentheses for cross referencing purposes. This data field has been included specifically for the use of the Departmental Element.

(2) Column 2, Audit Type. Enter the appropriate one-character code or codes from the listing of five types below to indicate the nature of the significant finding(s) disclosed by the audit. One code must be listed for each audit report; however, if necessary, up to three codes can be listed for any one audit report.

F - Apparent Fraud

W - Waste

E - Error

Q - Contracts/Grants

0 - Operational

- (3) Column 3. Act Off. Enter a two character alphabetic code for the Headquarters or Field Element to which the report is assigned. See Attachment 3 for a listing of the standardized abbreviations.
- (4) Column 4. Audit Org. Enter the appropriate one-character code from the listing below to indicate the audit organization that performed the audit.
- C** - Certified public accountant
  - D** - Defense Contract Audit Agency
  - G** - General Accounting Officer
  - I** - Inspector General
  - O** - Other (e.g., Field or Department of Health and Human Services)
  - S** - State/local government
- (5) Column 5. Net \$ Questionable. For monetary recommendations, enter the net total amount of dollars questionable, the questioned costs and the unsupported costs in the report. If recommendations are all operational, enter a zero in columns 5 through 9. Only the DOE portion of questionable costs should be considered when entering dollar amounts into DARTS reports. For example, if more than one agency is affected by the audit findings, be sure to include only the DOE portion of the dollars. In some instances an audit report will indicate that amounts are potentially owed by the Department. This column is also used to reflect this information. In these instances, the net amount potentially owed should be entered in this column in parenthesis. Enter all amounts in whole dollars.
- (6) Column 6. Net \$ Reinstated. When the net dollars questionable are potentially due to the Department, enter the net amount which has been subsequently determined to be allowable by DOE. Dollar amounts must be identified by the appropriate category (i.e., questionable costs, questioned costs, and/or unsupported costs). If the net dollars questionable were potentially owed by the Department enter the amount determined not payable in parenthesis.
- (7) Column 7. Net \$ Recovered Accounts Receivable (A/R). When the net dollars questionable are potentially due the Department, enter the total net amount of dollars questionable that has been recovered by collections to date. Dollar amounts must be identified by the appropriate category (i.e., questionable costs, questioned costs, and/or unsupported costs). Amounts reported as recovered from collections should be reconcilable with amounts reported as collections from audit-related accounts receivable by the finance and accounting office. If the net dollars questionable were potentially owed by the Department, enter the net amount paid by the Department to the contractor in parenthesis.

- (8) Column 8. Net \$ Recovered Thru Recoupment. When the net dollars questionable are potentially due the Department, enter the total net amount of dollars questionable that has been recovered by recoupment to date. Dollar amounts must be identified by the appropriate category (i.e., questionable costs, questioned costs, and/or unsupported costs). If the net dollars questionable were potentially owed by the Department enter the net amount paid by the Department to the contractor in parenthesis.
- (9) Column 9. Net \$ Open. When the net dollars questionable are potentially due the Department, enter the net amount questionable in the audit finding that has not been reinstated or recovered to date. Dollar amounts must be identified by the appropriate category (i.e., questionable costs, questioned costs, and/or unsupported costs). If the net dollars questionable were potentially owed by the Department, enter the net amount in parenthesis. Column 9 is the result of the calculations of columns 5 through 8.
- (10) Column 10. Issue Date Enter the date of issuance using two digits each for month: day and year of the audit report. If the report is received more than 30 days after the issuance date, the receipt date may be entered in this column instead of the issuance date. If the receipt date is used, attach an explanation to the initial submission indicating the issuance date and justification for using the alternate date.
- (11) Column 11. Management and Decision Date. Enter the date using two digits each for month, day and year on which the appropriate Departmental official indicates in writing the acceptance or rejection of the audit findings and recommendations. This will be the date the Departmental position to the Congress (for GAO reports) and the IG (for IG operational reports) is signed or the date the contracting officer issues an audit decision document (See Attachment 1, page 2, paragraph 12).
- (12) Column 12. Target Close Date. If an audit report is open, enter the date by which the audit action officer plans that the report will be closed using the two digits each for month, day, and year. The target close date is optional for contract audit reports (see page 7 of this Order, paragraph 6f(5)).
- (13) Column 13. Close Date. Enter the date on which the followup actions were completed and the audit report was officially closed, including the receipt of all disallowed costs, using two digits each for month, day, and year.
- (14) Column 14. Age. Leave blank. This column is computed by the DARTS system. The age for audit reports in this column reflects the age in months from the issue date shown in column 10 to the end of the reporting quarter.

- (15) Column 15, Number of Open Recommendations. The total number of recommendations contained in the report and the number of open recommendations as of the end of the current reporting quarter is entered in this column.
3. DARTS Status Report. This report is developed by using the information that is included in the audit action plan.
- a. Criteria Used By the CFO When Requesting DARTS Status Reports From Departmental Elements. Each quarter, the CFO will identify those specific audits for which Departmental Elements shall provide DARTS Status Reports. The number of reports requested by the CFO will vary by quarter in order to eliminate unnecessary paperwork when management decisions were only recently issued and focus on the resolution of those audits which require senior management attention. The DARTS Status Reports shall be provided to the CFO by the last day of each calendar quarter.
- (1) During the quarters ending 12-31 and 06-30, the CFO will request more extensive reports from Departmental Elements. During these quarters, DARTS Status Reports will be requested based on the following criteria:
- (a) GAO reports for which a Departmental position was prepared in accordance with DOE 2340.1C.
  - (b) IG audit reports for which a Departmental position was prepared in accordance with DOE 2320.2B.
  - (c) Postaward contract audit reports more than 6 months old since date of issuance (or receipt if appropriate) with questionable costs of \$100,000 or more.
  - (d) Reports involving alleged fraud.
  - (e) Reports more than 6 month's old since date of issuance (or receipt if appropriate) which have no Management Decision.
  - (f) Reports not closed after 1 year or more following date of Management decision.
- (2) During the quarters ending 03-31 and 09-30, the CFO will request a more limited number of reports based on the following criteria:
- (a) Audits which are open one year or more and a Management decision has not been issued.

- (b) Audits which Departmental Elements wish to close because all corrective actions have been accomplished and the required assurance of closure can be provided.
    - (c) Audits which may be sensitive or high visibility items which may require more frequent reporting.
  - (3) A quarterly DARTS Status Report is not required for audit reports or litigation or under appeal; however, the report must be submitted at least annually (09-30) updating the status of the litigation or the appeal or when there is any change in the status of the litigation or the appeal.
  - (4) Although not specifically requested by the CFO, Departmental Elements have the option to provide DARTS Status Reports during any quarter.
- b. Assurance of Effectiveness of Corrective Actions Taken. To ensure that corrective actions have satisfactorily addressed audit report recommendations, an assurance that audit followup assessments or reviews have been conducted on each recommendation in the audit report must be provided on the DARTS Status Report before the audit report can be closed in DARTS. Audit followup assessments or reviews that provide support for the assurance should be performed as soon as practicable following implementation of the corrective action. It is required that this assurance be signed by the Heads of the Departmental Elements or their designee.
- (1) For Headquarters Elements, as well as those Field Elements which are not required to report through a Primary Secretarial Officer (PSO), assurances shall be signed by the Head of the Departmental Element or their designee for transmittal to the CFO. Assurances, as contained in DARTS Status Reports, are due to the CFO by the last day of each calendar quarter.
  - (2) For Field Elements which report to a Lead PSO, the following is applicable:
    - (a) Original Assurances, as well as supporting documentation, shall be forwarded to the Lead PSO for concurrence. Assurances from the Field shall be provided to their Lead PSO by the last day of each calendar quarter.
    - (b) A copy of the Assurances, as well as supporting documentation, shall also be provided to the CFO by the last day of each calendar quarter.

(3) For Lead PSOS which receive Assurances from Field Elements, the following is applicable:

(a) Field Assurances will be coordinated with applicable cognizant PSOs.

(b) Concurrences or nonconcurrence on Field Elements' Assurances shall be provided to the CFO, and the Field, within 20 calendar days after the end of the quarter.

c. Instructions for Completing the DARTS Status Report. An example of a completed DARTS Status Report for operational audits is provided on Pages 10 and 11 of this Attachment. (Departmental Elements may also use this report format when preparing DARTS submissions for contract/grant audits. As an alternative, Departmental Elements may substitute internally developed status reports.)

- (1) Header. Complete the header data by inserting: the name of the report (DARTS Status Report); the responsible Departmental Element; quarter ending date; and identification of the audit report (actual report number, assigned DARTS designation number and date of issuance).
- (2) Title. Enter the title of the audit report or the name of the contractor audited.
- (3) Findings. Briefly describe the findings in the audit report which provide the basis for the recommendations.
- (4) Recommendations. Quote each recommendation from the audit report which was open at the beginning of the quarter or which resulted from an audit report issued during the quarter. Once a recommendation has been officially closed, it should be deleted from subsequent submissions of the DARTS Status Report. (Note: A separate Recommendation, Action Planned, and Current Status of Action should be prepared for each recommendation. )
- (5) Action Planned. Briefly indicate the action planned in response to each recommendation. The Audit Action Plan normally services as the source for this information.
- (6) Status of Action. Briefly describe the point to which corrective action has progressed and any current (or anticipated) problems encountered in closing the recommendation. Include estimated dates for completion of corrective action which still must be taken. For review purposes, it is requested that the status of action for all prior reporting cycles be reflected.

- (7) Audit Action Officer. The typed name, title, telephone number and signature of the Audit Action Officer is required on each DARTS Status Report.
- (8) Assurance of Effectiveness of Corrective Action Taken. Include the following assurance when all recommendations in operational audit reports have been subjected to an audit assessment or review:

“This is to assure that an audit followup assessment (or review) has been completed on the subject audit report (or recommendation(s) contained in the audit report, if appropriate) and necessary corrective actions have been completed.”

The above statement should be followed by the typed name, title, date, and signature of the Head of the Departmental Element or their designee. In addition, Lead Program Secretarial Officers should prepare a written concurrence when assigned Field Elements submit assurances on the effectiveness of corrective actions taken.

DOE AUDIT REPORT TRACKING SYSTEM

INVENTORY OF AUDIT REPORTS

QUARTER ENDING: 03/31/92

REPORT DATE: 04/08/92

REPORTING ORGANIZATION: ABC FIELD OFFICE

#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<u>DARTS REPORT NUMBER (AUDIT REPORT NUMBER)</u>	<u>AUDIT TYPE</u>	<u>ACT OFF</u>	<u>AUDIT ORG.</u>	<u>NET \$ QUESTIONABLE</u>	<u>NET \$ REINSTATED</u>	<u>NET \$ RECOVERED A/R</u>	<u>NET \$ RECOVERED THRU RECOUPMENT</u>	<u>NET \$ OPEN</u>	<u>ISSUE DATE</u>	<u>MANAGEMENT DECISION</u>	<u>TARGET CLOSE DATE</u>	<u>CLOSE DATE</u>	<u>AGE</u>	<u>NBR OPEN REC.</u>	
AB-91-002 (IG-0246) QUESTIONED: UNSUPPORTED:	0	AB	I	0 0 Q 0 U	0 0 Q 0 U	0 0 Q 0 U	0 0 Q 0 U	0	09/30/91	11/30/91	06/30/92	NONE	6	4 OF 8	
AB-92-001 (1281-2K-165-084) QUESTIONED: UNSUPPORTED:	Q	AB	D	175,000 100,000 Q 75,000 U	87,000 57,000 Q 30,500 U	0 0 Q 0 U	27,500 27,500 Q 0 U	60,000 15,500 Q 44,500 U	10/10/91	12/31/91	09/30/92	NONE	5	2 OF 2	
AB-92-002 (RCED-92-05) QUESTIONED: UNSUPPORTED:	0	AB	G	0 0 Q 0 U	0 0 Q 0 U	0 0 Q 0 U	0 0 Q 0 U	0	10/05/91	01/30/92	12/31/92	NONE	5	3 OF 3	
AB-92-003 (QRA-87-1) QUESTIONED: UNSUPPORTED:	Q	AB	0	(20,000) (20,000) Q 0 U	(1,000) (1,000) Q 0 U	(5,000) (5,000) Q 0 U	0 0 Q 0 U	(14,000) (14,000) Q 0 U	02/15/92	03/01/92	08/25/92	NONE	1	4 OF 7	

DOE AUDIT REPORT TRACKING SYSTEM  
INVENTORY OF AUDIT REPORTS - SUMMARY

DOE 2300.1B  
6-8-92

QUARTER ENDING: 03/31/92

REPORT DATE: 04/08/92

REPORTING ORGANIZATION: ABC FIELD OFFICE

	<u>NUMBER OF OPEN AUDITS</u>	<u>\$ QUESTIONABLE</u>	<u>NET \$ REINSTATED</u>	<u>NET \$ RECOVERED A/R</u>	<u>NET \$ RECOVERED THRU RECOUPMENT</u>	<u>NET \$ OPEN</u>
CURRENT TOTALS DUE:	4	155,000	86,500	(5,000)	27,500	46,000
POTENTIALLY DUE GOVERNMENT:		175,000	87,500	0	27,500	60,000
QUESTIONED:		100,000 Q	57,000 Q	0 Q	27,500 Q	15,500 Q
UNSUPPORTED:		75,000 U	30,500 U	0 U	0 U	44,500 U
POTENTIALLY PAYABLE BY GOVERNMENT:		(20,000)	(1,000)	(5,000)	0	(14,000)
QUESTIONED:		(20,000) Q	(1,000) Q	(5,000) Q	0 Q	(14,000) Q
UNSUPPORTED:		0 U	0 U	0 U	0 U	0 U

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L E G E N D	AUDIT TYPES	AUDIT ORGANIZATIONS
	F -- FRAUD	O -- OTHER
	W -- WASTE	C -- CPA
	E -- ERROR	D -- DCAA
	Q -- CONTRACT/GRANT	G -- GAO
	O -- OPERATIONAL	I -- IG
		S -- STATE

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NOTE: Shows total of Inventory of Audit Reports separately for each Departmental Element with quarterly activity.

DARTS STATUS REPORT

ABC FIELD OFFICE

Current Quarter ..... QUARTER ENDING 03-31-92  
Report Number .....  
DARTS Number .....  
Issue Date .....  
GAO AUDIT REPORT NO. RCED 92-05 (AB-92-002), ISSUED 10-05-91

DOE 2300.1B  
6-8-92

TITLE. Audit Report on Utilization of Facsimile Devices.

This is a brief synopsis .....  
of the report's findings.

FINDING. Facsimile devices in Building No. 1 were not centrally managed to assure optimum control. The facsimile devices transmit and receive messages over FTS lines. Unrestricted use of facsimile devices could preclude the normal use of the FTS system. Individual users, with two exceptions, did not collect traffic data to justify the facsimile devices or to control the time tie devices were used. In fact, fourteen facsimile devices were not equipped with automatic disconnect devices. Thus, there was no assurance the facsimile devices and FTS lines were used effectively.

Recommendations are to be.....  
verbatim from the report.

RECOMMENDATION 1. Require all users of facsimile devices to maintain data and submit the data for analysis. Analyze traffic data to evaluate the use of facsimile devices and the effect on FTS circuits.

Briefly state the Action Planned.....  
from the Departmental Position  
and provide an estimated completion  
date. If the Action Planned has  
been changed from the Departmental  
Position, a full explanation must  
be given.

ACTION PLANNED. Concur. Policy documentation will be developed governing the acquisition, authorization, and utilization of facsimile equipment. It requires all users to submit information for analysis by 09-30-92. Traffic data will be evaluated to determine if facsimile equipment is adequately utilized and to determine the effect on FTS circuits. The target date for completion of the analysis is 12-31-92.

Consecutive reporting on the status  
of action must be provided. Each  
quarter's update should:

STATUS OF ACTION

QUARTER ENDED 12-31-91. The policy documentation governing the acquisition, authorization, and utilization of facsimile equipment has been issued. Users have been requested to submit information by 05-31-92.

- List the current quarter last.
- Specify current actions taken and delays encountered.
- Identify changes to estimated completion dates. If date is unknown, please state.

QUARTER ENDED 03-31-92. Two users are experiencing delays in the gathering of data and requested additional time for submitting information. The submission of information is now scheduled for 07-01-92.

Attachment 2  
Page 11

RECOMMENDATION 2. Assure that all facsimile devices are equipped with automatic disconnect devices.

ACTION PLANNED. Concur. All facsimile devices will be quipped with automatic disconnect devices. Target date for completion is 12-31-92.

STATUS OF ACTION

QUARTER ENDED 12-31-91. A survey of the facsimile devices has been completed. Installation of the automatic devices will begin on 05-15-92.

QUARTER ENDED 03-31-92. Installation of automatic devices have been completed on all but five devices. After completion of the remaining five, a verification check will be performed. Remaining devices are expected to be completed by 12-31-92.

RECOMMENDATION 3. Identify underutilized facsimile devices and disconnect them from FTS lines.

ACTION PLANNED. Concur. Based on the evaluation of traffic data discussed under Recommendation 1, a determination will be made regarding whether the ABC Operations Office has underutilized facsimile devices which should be disconnected. Excess facsimile devices will be placed on an excess property listing and made available to other DOE offices. It is estimated that action will be completed by 12-31-92.

STATUS OF ACTION

QUARTER ENDED 12-31-91. No action taken pending completion of the study discussed under Recommendation 1 above. Target date for completion is 12-31-92.

QUARTER ENDED 03-31-92. As stated last quarter, no action has been taken pending completion of Recommendation 1. ECD remains 12-31-92.

Typed name and signature

A typed assurance will be included on the bottom of the Status Report upon the completion of all recommendations assigned to a Departmental Element.

The assessment or the review are examinations of actions taken to correct the original problem(s). These are performed by someone other than the audit action officer who is in a higher organizational position and has the knowledge of the function.

Operational audit reports will be closed in DARTS only when an assurance is received from the Head of the Departmental Element, or their designee. Assurances from Field Elements shall be concurred in by their assigned PSO.

John Doe  
(Name and Signature of Audit  
Action Officer)

Director of Facsimile Services  
(Title)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

"This is to assure that an audit followup assessment (or review) has been completed on the subject audit report (or recommendation(s) contained in the audit report, if appropriate) and necessary actions have been completed."

\_\_\_\_\_  
Signature and Date  
(Head of Departmental Element or designee)

STANDARDIZED ABBREVIATIONS  
FOR DEPARTMENT OF ENERGY HEADQUARTERS AND DOE FIELD OFFICES  
DEPARTMENT OF ENERGY AUDIT REPORT TRACKING SYSTEM

The following standardized abbreviations identifying certain elements with the Department of Energy have been developed for reporting on audit activity. Each abbreviation has been restricted to two letters to fit the DARTS designation numbering framework required in the Inventory of Audit Reports, column 1.

1. HEADQUARTERS

AD Administration and Human Resource Management  
AN Arms Control and Nonproliferation  
BC Contract Appeals  
BU Small and Disadvantaged Business Utilization  
CE Conservation and Renewable Energy  
CP Congressional and Intergovernmental Affairs  
CR Chief Financial Officer  
DP Defense Programs  
EP Domestic and International Energy Policy  
EH Environment, Safety, and Health  
EI Energy Information Administration  
EM Environmental Restoration and Waste Management  
ER Energy Research  
**FE** Fossil Energy  
**GC** General Counsel  
HG Hearings and Appeals  
IG Inspector General  
**IN** Office of Intelligence  
MI Minority Economic Impact  
NE Nuclear Energy  
NP New Production Reactors  
NS Nuclear Safety  
OE Emergency Planning and Operations  
PA Public Affairs  
**PR** Procurement, Assistance and Program Management  
RG Economic Regulatory Administration  
RW Civilian Radioactive Waste Management  
SA Security Affairs

2. DOE FIELD OFFICES.

AL Albuquerque  
CH Chicago  
FN Fernald  
ID Idaho  
NV Nevada  
OR Oak Ridge  
RL Richland  
SF San Francisco  
SR Savannah River

STANDARDIZED ABBREVIATIONS

3. POWER ADMINISTRATIONS.

AP Alaska  
BP Bonneville  
SE Southeastern  
SW Southwestern  
WP Western

4. SPECIAL PURPOSE OFFICES.

PN Pittsburgh Naval Reactors  
RF Rocky Flats  
SN Schenectady Naval Reactors  
SP Strategic Petroleum Reserve Project Management Office

5. TECHNOLOGY CENTERS.

MG Morgantown Energy Technology Center  
PT Pittsburgh Energy Technology Center