Office of Inspector General

OFFICE OF TECHNOLOGY, FINANCIAL, AND ANALYTICS

AUDIT REPORT -

THE DEPARTMENT OF ENERGY'S PAYMENT INTEGRITY REPORTING IN THE FISCAL YEAR 2020 AGENCY FINANCIAL REPORT

DOE-OIG-21-27

MAY 2021

Department of Energy
Washington, DC 20585

May 12, 2021

Memorandum for The Secretary

From: Teri L. Donaldson
Inspector General

Subject: Audit Report on "The Department of Energy's Payment Integrity Reporting in the Fiscal Year 2020 Agency Financial Report"

Highlights

What We Reviewed and Why

The *Improper Payments Elimination and Recovery Act of 2010* (IPERA) amended *the Improper Payments Information Act of 2002* and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). On March 2, 2020, the *Payment Integrity Information Act of 2019* (PIIA) repealed prior laws but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. The OMB requires that the Office of Inspector General perform an annual review of the Department of Energy's improper payment reporting in its Agency Financial Report and accompanying materials to determine whether the Department was compliant with PIIA. In accordance with PIIA and OMB requirements, our review included improper payments identified in the Department's Fiscal Year (FY) 2020 Agency Financial Report. We also found that the current Administration has identified payment integrity as a top priority, focusing on reducing improper payments and protecting taxpayer money. The priority includes balancing payment integrity risks and controls to ensure funding is serving its intended purpose.

The objective of the audit was to determine whether the Department met OMB criteria for compliance with the PIIA.

What We Found

The Department's FY 2020 improper payment reporting was in accordance with OMB criteria. Specifically, the Department published an Agency Financial Report for FY 2020 and posted that report, as well as accompanying materials, on its website. The Department also conducted improper payment risk assessments for all applicable programs, as required.

Although we determined that the Department met the criteria for compliance with OMB, we found that enhancements to the payment integrity process could result in more accurate and transparent reporting. For example, the Agency Financial Report did not disclose that the Department was tracking nearly $200 million in unresolved questioned costs pending allowability determinations by contracting officers. While the Department was not required to disclose unresolved questioned costs in the Agency Financial Report, doing so would provide greater payment integrity reporting transparency. We also found that these questioned costs were not being resolved in a timely manner, as required by Federal regulations. We acknowledge that only a portion of questioned costs have historically been deemed unallowable. However, because of the amounts of questioned costs that have not been resolved, there is the potential that improper payments may be higher than currently reported. Therefore, disclosing the amount of outstanding questioned costs within the Agency Financial Report could provide greater transparency. Furthermore, we determined that certain locations did not appear to be reporting all improper payment information, which could have understated the amount of improper payments reported in the Department's Agency Financial Report. For instance, one location had expenditures of nearly $486 million from FY 2017 through FY 2019 but did not self-identify any improper payments.

The concerns noted above occurred, in part, due to incomplete or unclear policies and procedures regarding how improper payments should be reported. For instance, field sites did not always develop improper payment procedures specific to their locations, which contributed to the issues we noted regarding sites not fully identifying and reporting improper payments. The Office of the Chief Financial Officer officials commented that the office is working with sites to further develop policies and procedures.

Without improvements to its payment integrity guidance, the Department may not report improper payments in a timely and transparent manner. In addition, the lack of a fully effective quality assurance process could result in the Department not identifying negative trends related to improper payments and taking appropriate corrective actions.

What We Suggest

Although we determined that the Department's payment integrity reporting process was in accordance with OMB criteria, we made four suggestions in our report designed to improve the management of the payment integrity program. Our suggestions focused on: (1) providing greater transparency in improper payment reporting to include costs deemed unallowable; (2) enhancing policies and procedures over improper payment reporting; and (3) making enhancements to the improper payments quality assurance process.

cc: Deputy Secretary
Chief of Staff
Acting Chief Financial Officer

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Background and Objective

Background

The *Improper Payments Elimination and Recovery Act of 2010* (IPERA) amended the *Improper Payments Information Act of 2002* and required agencies to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). In addition, IPERA required Inspectors General to review each agency's improper payment reporting and issue an annual report. On March 2, 2020, the *Payment Integrity Information Act of 2019* (PIIA) repealed IPERA and other laws but set forth similar improper payment reporting requirements, including an annual compliance report by Inspectors General. Because final OMB guidance related to PIIA was not issued until March 2021,[1] we initiated our fiscal year (FY) 2020 review using a combination of the requirements in OMB Circular A-123, *Requirements for Payment Integrity Improvement,* (June 2018), OMB Circular A-136, *Financial Reporting Requirements*, (August 2020), and the Council of the Inspectors General on Integrity and Efficiency guidance required under PIIA.

The Department of Energy's Office of Finance and Accounting, a component of the Office of the Chief Financial Officer (OCFO), communicated instructions for meeting improper payment and payment recapture audit requirements prescribed by OMB to its 48 payment reporting sites. In accordance with OMB Circular A-123, the Department implemented a 3-year risk assessment review cycle and last completed an improper payment risk assessment in FY 2018. Only payment reporting sites that experienced any of the following significant items were required to complete risk assessments during FY 2020: (1) changes in legislation, including legislation related to COVID-19; (2) increases in site outlays (10 percent or more compared to last FY), including increases in funding related to COVID-19; or (3) changes to the site's payment processes, including processes created in response to COVID-19 that would make the site susceptible to significant improper payments. Of the 48 payment reporting sites, 33 met 1 or more of these criteria and performed risk assessments during FY 2020, and 2 additional sites prepared a risk assessment based on their annual reporting process. Based on the risk assessments performed by sites and consolidated at the Departmental level, the OCFO determined that the Department was not susceptible to significant improper payments.

Report Objective

We conducted this audit to determine whether the Department met OMB criteria for compliance with PIIA.

[1] We updated the Compliance with OMB Criteria section to align with OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, March 5, 2021. However, because the Department's Agency Financial Report was issued prior to March 2021, we tested against requirements in place at the time of the Agency Financial Report.

Results of Review

The Department's FY 2020 improper payment reporting was in accordance with OMB criteria. Specifically, the Department published an Agency Financial Report for FY 2020 and posted that report, as well as accompanying materials, on its website. The Department also conducted improper payment risk assessments for all applicable programs, as required.

Although we determined that the Department met the criteria for compliance with OMB improper payment reporting requirements, we found that enhancements to the payment integrity process could potentially result in more accurate and transparent reporting by the Department. Specifically, the Department did not disclose in its Agency Financial Report nearly $200 million in unresolved questioned costs[2] currently being tracked and still pending contracting officer review. While the Department is not required to disclose unresolved questioned costs, doing so would provide greater payment integrity reporting transparency. In addition, we found that questioned costs were not being resolved in a timely manner, as required by Federal regulations. Furthermore, due to the Department's current process of only reporting improper payments for the prior year cycle, questioned costs deemed unallowable are not reported in the Agency Financial Report's improper payment rate if they fall outside the reporting year. Our review also indicated that certain locations did not appear to be reporting improper payment information, which could have understated the amount of improper payments reported in the Department's Agency Financial Report.

Reported Improper Payments

The Department, with OMB approval, has historically elected to report actual improper payments from the prior FY in the current year Agency Financial Report. As such, in FY 2020, the Department reported that FY 2019 improper payments were $31.65 million out of $44.32 billion in total payment outlays, resulting in an improper payment rate of 0.07 percent. This amount was well below OMB's $100 million threshold for reporting on all aspects of improper payments. The Department indicated its improper payment rate has remained below 1 percent since the inception of its improper payment program in FY 2002. The Department also reported that improper payment amounts included underpayments and lost discounts of approximately $1 million, neither of which can be recaptured.

Compliance with OMB Criteria

The Department's Office of Finance and Accounting issued guidance in July 2020 that required all payment reporting sites to confirm that there were no: (1) significant changes related to legislation, including legislation pertaining to COVID-19; (2) increases in outlays equal to or greater than 10 percent, including increases in funding related to COVID-19; or (3) changes to the site's payment processes, including processes created in response to COVID-19, that would make it susceptible to significant improper payments. If no such occasions occurred, then a site risk assessment for FY 2020 was not necessary. We noted that 33 of the 48 payment reporting

[2] For purposes of this report, questioned costs only include those identified by the Office of Inspector General (OIG). The OCFO is tracking an additional $1.2 billion in questioned costs pending completion of a cost-incurred audit. A summary of all questioned costs is included in Appendix 3.

sites were required to develop risk assessments based on significant changes, and an additional 2 sites prepared risk assessments as part of their annual risk evaluation process. The OCFO consolidated these responses and determined that the Department was not susceptible to significant improper payments. In addition, all sites were required to submit actual improper payment and payment recapture information.

Furthermore, the Federal Field Chief Financial Officer or Contractor Chief Financial Officer at payment reporting sites was required to certify the accuracy of improper payments and risk ratings. The certifications indicated that site officials either confirmed that there were no significant changes or that the site had completed the required FY 2020 risk assessment. Site officials required to perform a risk assessment certified that the risk assessments included consideration of OMB-required risk factors as they relate to payment activities; the risk assessment and rating accurately reflected self-assessment of susceptibility to significant improper payments; and the assessment was supported by documentation used to make the determination. In addition, payment reporting site officials were required to acknowledge:

- Responsibility for the identification of and compliance with all aspects of laws, regulations, contracts, or grant agreements that could have a significant effect on the achievement of the objectives of FY 2020 Payment Integrity Reporting and disclose information related to any noncompliance;

- Responsibility for the design and implementation of programs and controls to prevent, deter, and detect fraud, and understand misrepresentations arising from fraudulent improper payment reporting activity are intentional misstatements or omissions of information in order to obtain something of value;

- No knowledge of any fraud or suspected fraud affecting FY 2020 Payment Integrity Reporting involving management, employees who have significant roles in internal control over FY 2020 Improper Payment Reporting, or others where the fraud could have a significant effect on FY 2020 Improper Payment Reporting;

- No knowledge of any allegations of fraud or suspected fraud affecting FY 2020 Payment Integrity Reporting received in communications from employees, former employees, regulators, or others; and

- There have been no deficiencies in internal control that could have a significant effect on FY 2020 Payment Integrity Reporting or significant transactions or events that have not been properly recorded in records underlying the measurement of FY 2020 Payment Integrity Reporting.

The OCFO was responsible for collecting and reviewing risk assessments, improper payment results, and Chief Financial Officer certifications from the payment reporting sites. This information was summarized and reported by the Department in the “Other Information” section of its FY 2020 Agency Financial Report. Based on these results and the Department’s historically low improper payment totals, the Department concluded its programs were not susceptible to significant improper payment risk and, as a result, not subject to additional reporting requirements such as corrective action plans and annual improper payment reduction targets.

According to OMB, an agency is required to meet 10 specific requirements to comply with PIIA. Based on our review of the FY 2020 Agency Financial Report, we found that the Department complied with PIIA reporting requirements, as indicated below for improper payments and annual unknown payments. Compliance under PIIA means that the agency has done the following:

OMB Criteria for Compliance	Was Criteria Met?
1) Published payment integrity information with the annual financial statement.	Yes
2) Posted the annual financial statement and accompanying materials on the agency website.	Yes
3) Conducted improper payment risk assessments for each program with annual outlays greater than $10 million at least once in the last 3 years.	Yes
4) Adequately concluded whether the program is likely to make improper payments and unknown payments above or below the statutory threshold.	Yes
5) Published improper payment and unknown payment estimates for programs susceptible to significant improper payments in the accompanying materials to the annual financial statement.	Not Applicable[3]
6) Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	Not Applicable[3]
7) Published improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.	Not Applicable[3]
8) Has demonstrated improvements to payment integrity or reached a tolerable improper payment and unknown payment rate.	Not Applicable[3]
9) Has developed a plan to meet the improper payment and unknown payment reduction target.	Not Applicable[3]
10) Reported an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.	Not Applicable[3]

Notably, the Department made progress supporting the Do Not Pay Initiative, a requirement of PIIA. The Do Not Pay Initiative includes multiple resources across the Federal Government

[3] The Department concluded its programs were not susceptible to significant improper payments, as defined by OMB guidance. Therefore, reporting of statistical estimates of improper payments, corrective actions, and reduction targets in the Agency Financial Report were not required.

designed to help agencies determine eligibility to confirm that the correct recipient obtains the proper payment amount. According to OMB, each agency has access to and should use the Do Not Pay Initiative to verify payment eligibility for the purposes of identifying and preventing improper payments. We noted that the Department continued to expand its usage of the Do Not Pay Initiative with its integrated contractors.

Opportunities for Improvement

We found that enhancements to the payment integrity process could potentially result in more accurate and/or transparent reporting by the Department. The Department did not disclose unresolved questioned costs currently being tracked and still pending contracting officer review. In addition, we found that questioned costs were not being resolved in a timely manner, as required by 48 Code of Federal Regulations Section 942.803. Furthermore, questioned costs deemed unallowable are not calculated in the improper payment rate reported in the Agency Financial Report if they fall outside the reporting year. Our review also indicated that certain locations did not appear to be reporting improper payment information, which could have understated the amount of improper payments reported in the Department's Agency Financial Report.

Questioned Costs

Although not currently required, it is our opinion that transparency could be enhanced if additional information related to potential unallowable costs were included for readers of the Agency Financial Report. Specifically, officials did not disclose in the Agency Financial Report that the Department was tracking nearly $200 million in unresolved questioned costs pending contracting officers' allowability determinations–costs that could potentially be deemed unallowable in the future. As of March 2021, the OCFO was tracking open OIG recommendations from 17 reports with unresolved questioned costs. We noted that the total net questioned costs, or questioned costs minus any amounts determined allowable or unallowable, were nearly $200 million and were pending contracting officer allowability determinations.[4] Because improper payments include unallowable costs, the amount of improper payments could ultimately be higher than currently reported if all or some of the outstanding questionable costs are ultimately deemed unallowable. The OCFO policy noted that questioned costs cannot be identified as improper payments until determined unallowable by the cognizant contracting officer. We agree with the OCFO's assertion that questioned costs cannot be improper until determined unallowable. However, contrary to this explanation, our analysis found $7.9 million in costs were questioned as part of a 2013 OIG report.[5] While the contracting officer determined that the costs were unallowable at the time of the audit, the improper payments were never reported in the Department's Agency Financial Report.

As previously mentioned, the OCFO was tracking nearly $200 million in questioned costs stemming from work conducted by the OIG. Federal regulations require the disposition of these costs within 6 months of an audit's issuance. However, we found that this timeframe was

[4] The OCFO is tracking an additional $1.2 billion in questioned costs pending completion of a cost-incurred audit.
[5] These costs were questioned in our report on *Cost Transfers at the Department's Sodium Bearing Waste Treatment Facility Construction Project* (OAS-M-13-03, August 2013).

exceeded for the 17 open audit reports which contained questioned costs. As of March 2021, the remaining questioned costs were between 74 and 5,349 days past the 6-month resolution requirement. Specifically, we noted 1 instance where resolution of costs exceeded the requirement by more than 14 years. Due to the length of time to make a determination on the allowability of these costs and the Department's current process of only reporting actual improper payments from the prior year, questioned costs from prior years may never be calculated within the improper payment rate reported in the Agency Financial Reports, thereby limiting the transparency of actual improper payments within the Department.

We also determined that certain locations did not appear to be reporting improper payment information, which could have understated the amount of improper payments reported in the Department's Agency Financial Report. In particular, we found that the National Nuclear Security Administration's Albuquerque location did not report any improper payments over a 3-year period despite expenditures by the site of nearly $486 million from FY 2017 through FY 2019. The only improper payment amounts included in the site's information were confirmed fraud amounts that were provided to the site by the OCFO. While we did not evaluate expenditures to determine whether they are improper at this location, it is possible the site would have experienced improper payments based on the Department's history of improper payments across the complex.

Policies and Procedures

The concerns noted above occurred, in part, due to incomplete or unclear policies and procedures regarding how improper payments should be reported. Determining the Department's compliance with the *Federal Managers' Financial Integrity Act of 1982* is a primary function of the OCFO. The *Federal Managers' Financial Integrity Act of 1982* states that agencies should have specific controls for ensuring that obligations and costs are in compliance with applicable laws; safeguarded from waste, loss, unauthorized use, or misappropriation; and properly recorded and accounted for to maintain accountability. However, the Department's procedures did not include a process for identifying and disclosing the amount of potential improper payments awaiting a contracting officer's allowability determination within the Agency Financial Report. While it is not currently required, such enhancements could improve the Department's payment integrity reporting. In addition, we found that field sites did not always develop improper payment procedures specific to their locations, which contributed to the issues noted regarding sites not fully identifying and reporting improper payments. Specifically, officials from the National Nuclear Security Administration's Albuquerque location and the Bonneville Power Administration stated that they generally relied on guidance published by the OCFO for identifying improper payments but did not have specific policies to address how to find potential improper payments. While the Department's guidance required payment reporting sites to identify improper payments and report them using a standard approach, it did not specify how such payments should be discovered.

Impact to the Department

Without additional improvements to its payment integrity guidance, the Department may not report improper payments in a timely and transparent manner. In addition, if the Department continues its trends of duplicative payments, incorrect amounts, and ineligible recipients, it increases the possibility of fraudulent activities. We conclude that implementing more effective controls would minimize the trend of both the number of incidents and dollar amounts of confirmed fraud increasing from FY 2016 through FY 2019.

Path Forward

Going forward, the OIG plans to conduct several activities related to providing oversight of the Department's programs and processes that could impact improper payments. For instance, we plan to conduct additional analysis on the Department's ability to resolve questioned costs in a timely manner. Specifically, we will evaluate the effectiveness of the Department's contracting officers in resolving questioned costs identified by the OIG and other organizations such as the Defense Contract Audit Agency in timeframes prescribed by Federal regulations. In addition, as the OIG transitions away from a Cooperative Audit Strategy with the Department's management and operating contractors, additional resources will be applied to focus on identifying potential improper payments within the agency and across the complex. Furthermore, the OIG will continue to expand the use of its data analytics capabilities to access and analyze spending data at the Department's sites. These efforts, when fully implemented, should enhance our ability to evaluate the effectiveness of the Department's improper payment process.

Additionally, while a quality assurance process existed within the OCFO, future enhancements to the Department's efforts in this area could be made to identify whether sites were accurately reporting improper payment information. For instance, an analytics program could have identified trends with improper payments such as those noted in our test work.[6] For example, our analysis identified that occurrences of duplicative payments, incorrect amounts, and ineligible recipient payments increased each year from FY 2016 through FY 2019. According to the OCFO, various working groups were established to improve the Department's payment integrity process. Such efforts should consider OMB guidance that identified benefits for establishing a robust data analytics effort. Specifically, such efforts can move an agency from a "pay-and-chase" approach to a predictive approach allowing the agency to identify potential improper payments before they occur. Examples of analytic approaches used to identify overpayments include, but are not limited to, monitoring and detecting misuse in ongoing complex contracts, and misuse in Government purchase cards. Other examples include using data analytics to identify above average payments to a vendor, duplicate payments, and excess purchase orders.

During our prior year review, we noted opportunities for the Department to enhance its verification of reported improper payment amounts. The OCFO officials noted plans to perform detailed improper payment reviews during FY 2020; however, site visits did not occur due to the continued COVID-19 travel restrictions. The OCFO officials indicated plans to hold remote site

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[6] OMB Memorandum M-18-20, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, encouraged the use of data analytics to identify potential improper payments. The *Fraud Reduction and Data Analytics Act of 2015* required the establishment of financial and administrative controls related to fraud and improper payments. Agencies are required to collect and analyze data from reporting mechanisms on detected fraud to monitor fraud trends and use that data and information to continuously improve fraud prevention controls.

visits and had conducted two during the course of our review. The OCFO has acknowledged that periodic site visits would strengthen the Department's payment integrity program but indicated that the site visits are subject to staff availability.

Suggested Actions

Although we determined that the Department's payment integrity reporting process was in accordance with OMB criteria, we suggest that the OCFO:

1. Provide greater transparency in reporting outstanding questioned costs that may include improper payments by disclosing such information in the Agency Financial Report;

2. Develop and implement improvements to policies and procedure over the improper payment reporting process, as appropriate;

3. Develop a process for determining how unallowable costs that fall outside of the current reporting year affect the Department's reported improper payment rates to ensure transparency of all improper payments; and

4. Consider making enhancements to the improper payment quality assurance process to include comparing and analyzing historical data to assist in developing a more analytical approach to managing improper payments.

Appendix 1

Commonly Used Terms

Department of Energy	Department or DOE
Fiscal Year	FY
Improper Payments Elimination and Recovery Act of 2010	IPERA
Office of Inspector General	OIG
Office of Management and Budget	OMB
Office of the Chief Financial Officer	OCFO
Payment Integrity Information Act of 2019	PIIA

Objective, Scope, and Methodology

Objective

We conducted this audit to determine whether the Department of Energy met the Office of Management and Budget (OMB) criteria for compliance with the *Payment Integrity Information Act of 2019*.

Scope

The audit was conducted from January 2021 through May 2021. This audit was conducted under the Office of Inspector General project number A21FN008. Consistent with guidance established in OMB Memorandum M-18-20, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, the scope of the audit was the "Payment Integrity Reporting" section of the Department's Fiscal Year 2020 Agency Financial Report.

We obtained the risk assessment and improper payment submittals of the 48 payment reporting sites that were consolidated by the Office of the Chief Financial Officer to report *Payment Integrity Information Act of 2019* results. The improper payment submittals included the site-level Chief Financial Officer certifications, risk assessments, and payment results. To gain an understanding of the reporting methodologies, we judgmentally selected four payment reporting sites for further review, including National Nuclear Security Administration's Albuquerque location, Bonneville Power Administration, URS | CH2M, and Mission Support Alliance.

Methodology

To accomplish our audit objective, we analyzed the "Payment Integrity Reporting" section of the "Other Information" in the Department's Fiscal Year 2020 Agency Financial Report. We completed the following procedures to assess compliance with OMB requirements:

- Gained an understanding of the Department's *Payment Integrity Information Act of 2019* reporting process and controls;

- Confirmed whether the Department's policies and procedures were in accordance with the *Payment Integrity Information Act of 2019*;

- Determined whether the Department published an Agency Financial Report for the most recent fiscal year and posted the report and accompanying materials on its website;

- Determined if the Department published improper payment estimates for all programs and activities identified as susceptible to significant improper payments;

- Determined if the Department reported a gross improper payment rate of less than 10 percent;

- Determined whether the Department published corrective action plans in the Agency Financial Report for those programs with significant improper payments;

- Evaluated whether the Department published and met annual reduction targets for each program assessed to be at risk for and identified to have significant improper payments;

- Confirmed if management considered all agency disbursements/programs in its agency-wide risk assessment;

- Determined if the Department verified that there were no significant changes in legislation, increases in its funding level, or changes to the sites' payment process;

- Determined if the Department verified that the payment reporting sites conducted a risk assessment;

- Determined if the Department reported a statistically valid estimate of the improper payments for each program deemed susceptible to improper payments;

- Determined if management executed the assessment methodology as designed for each program deemed susceptible to improper payments;

- Assessed whether the Department met OMB monitoring/tracking requirements, if applicable; and

- Reviewed OMB waivers and exemptions for improper payment reporting.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objective. Accordingly, we assessed significant internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. Finally, we did not rely on computer-processed data to satisfy our audit objective.

An exit conference was held with management on May 5, 2021.

Open Questioned Costs

As of March 2021, the Office of the Chief Financial Officer tracked the following Office of Inspector General reports with questioned costs that had not yet been determined allowable or unallowable by the cognizant contracting officer.

Report #	Site	Lead Office	Days Past 6 Months	Amount Pending Audit to Assist Contracting Officer[7]	Amount Pending Contracting Officer Determination	Total Net Questioned Costs
OAS-L-06-07	United States Enrichment Corporation Site Services	PPPO	5,349	$773,000	$149,000	$ 922,000
OAS-V-13-07	Sandia National Laboratories	NA	2,961	-	$1,306,722	$ 1,306,722
OAS-RA-L-13-04	Hanford	EM-HQ	2,642	-	$2,068,000	$ 2,068,000
OAS-V-14-17	Bechtel Jacobs Company, LLC	CS-OR	2,200	$160,007,744	-	$ 160,007,744
OAS-V-15-03	Sandia National Laboratories	NA	1,850	$2,357,131	-	$ 2,357,131
DOE-OIG-16-10	Hanford	EM-HQ	1,645	$120,000,000	$63,500,000	$ 183,500,000
OAI-V-16-09	URS | CH2M Oak Ridge LLC	CS-OR	1,575	$250,577,133	-	$ 250,577,133
DOE-OIG-18-17	Texas Clean Energy Project	FE	967	-	$2,500,000	$ 2,500,000
DOE-OIG-19-24	Sandia National Laboratories	NA	553	$5,187,854	$199,646	$ 5,387,500[8]
DOE-OIG-19-35	ActioNet	MA	480	$261,000,000	33,000,000	$ 294,000,000
DOE-OIG-19-36	Los Alamos National Laboratory	NA	465	-	$324,498	$ 324,498
DOE-OIG-20-18	Honeywell Federal Manufacturing & Technologies, LLC	NA	288	$1,545,078	-	$ 1,545,078
DOE-OIG-20-20	Los Alamos National Laboratory	NA	281	-	$8,458,966	$ 8,458,966
DOE-OIG-20-36	University of California	SCCSC	200	$4,061,038	-	$ 4,061,038
DOE-OIG-20-48	Sandia National Laboratories	NA	81	$413,885,127	$6,755,738	$ 420,640,865
DOE-OIG-20-49	Nuclear Waste	CBFO	81	$14,236,607	$17,523,807	$ 31,760,414

[7] These amounts refer to questioned costs considered unresolved pending audit in Office of Inspector General audit coverage of cost allowability reports.
[8] Amount deducted for $195,567 in costs deemed allowable.

	Partnership					
DOE-OIG-20-51	Hanford	RL	74	-	$63,800,000	$ 63,800,000
Total				**$1,233,630,712**	**$199,586,377**	**$ 1,433,217,089**

Appendix 4

Prior Reports

- Audit Report on *The Department of Energy's Improper Payment Reporting in the Fiscal Year 2019 Agency Financial Report* (DOE-OIG-20-40, May 2020). The Office of Inspector General found that the Department of Energy's fiscal year (FY) 2019 improper payment reporting was in accordance with Office of Management and Budget (OMB) criteria. Specifically, the Department published an Agency Financial Report for FY 2019 and posted that report, as well as accompanying materials, on its website. While we determined that the Department met the criteria for compliance with OMB, we found that enhancements to the Office of the Chief Financial Officer's (OCFO) review process could improve reliability of the improper payments reported. Specifically, although in previous years the OCFO had conducted site visits that evaluated the site's improper payment processes, the reviews were limited and were not scheduled for FY 2020 due to travel restrictions as the result of COVID-19. We also noted that the onsite review process was not documented in a formalized standard operating procedure and concluded that improved oversight could ensure more accurate reporting of improper payments.

- Audit Report on *The Department of Energy's Improper Payment Reporting in the Fiscal Year 2018 Agency Financial Report* (DOE-OIG-19-33, May 2019). The Office of Inspector General found that the Department's FY 2018 improper payment reporting was in accordance with OMB criteria. Specifically, the Department published an Agency Financial Report for FY 2018 and posted that report, as well as accompanying materials, on its website. While we determined that the Department met the criteria for compliance with OMB, we found that one OCFO process improvement related to our prior year's report was still ongoing. The OCFO also agreed that an opportunity existed for the Department to enhance transparency relative to the payment reporting sites' financial outlays.

- Audit Report on *The Department of Energy's Improper Payment Reporting in the Fiscal Year 2017 Agency Financial Report* (DOE-OIG-18-32, May 2018). The Office of Inspector General found that the Department's FY 2017 improper payment reporting was in accordance with OMB criteria. Specifically, the Department published an Agency Financial Report for FY 2017 and posted that report, as well as accompanying materials, on its website. While we found that the Department met the criteria for compliance with OMB, we also noted opportunities for the Department to enhance internal controls relative to the payment sites' improper payment reporting certifications. Specifically, we determined that the Department may benefit from a more rigorous review of the payment reporting sites submittals for improper payments.

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