

SUBJECT: AUDITING OF PROGRAMS AND OPERATIONS

1. OBJECTIVE. To set forth audit requirements and responsibilities for the promotion of economy and efficiency in the administration of, or the prevention or detection of fraud, waste, and abuse in, programs and operations of the Department of Energy (DOE).

2. CANCELLATIONS. DOE O 224.2, *Auditing of Programs and Operations*, dated 3-22-01.

3. APPLICABILITY.

- a. All DOE Elements. This Order applies to all Departmental elements, including those created after the Order is issued. (Go to <http://www.directives.doe.gov/pdfs/reftools/org-list.pdf> for the current listing of Departmental elements.)

For purposes of this Order, the National Nuclear Security Administration (NNSA), a separately organized Agency within the Department answering to the Secretary, is included as a DOE element.

The Administrator of the NNSA will assure that NNSA employees comply with their respective responsibilities under this Order.

- b. DOE Contractors. This Order does not apply to contractors.
- c. Exclusions. None.

4. REQUIREMENTS.

- a. The Office of Inspector General (OIG) will perform all audits of the programs and operations of DOE as defined in paragraph 4b. This is not intended to supplant the authority of DOE officials to make programmatic reviews of individual programs and enforce regulatory functions.
- b. The OIG will conduct audits of the activities of DOE, its contractors and financial assistance recipients that may encompass the following functions (as described by the Government Auditing Standards):
- (1) financial and compliance;
 - (2) economy and efficiency; and
 - (3) program results.
- c. The OIG will conduct audits of contractors or financial assistance recipients as requested by other Federal agencies where DOE is the cognizant audit agency or for other reasons.

5. RESPONSIBILITIES.a. Office of Inspector General.

- (1) Provides coordination and policy direction for auditing of programs and operations of the DOE and its contractors and financial assistance recipients.
- (2) Carries out the responsibilities of cognizant Federal audit agencies for assigned entities with respect to Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
- (3) Develops the DOE-wide audit plan, considering, among other factors, requests and recommendations of officials of the DOE. Coordinates with organizations having related functions to avoid unnecessary duplication, such as:
 - (a) the Government Accountability Office and
 - (b) internal audit organizations of DOE's major facilities management contractors, through the responsible DOE field/site office.
- (4) Authorizes contracting of, or other arrangements for, audits as defined in paragraph 4b. Reasons for contracting or other arrangements may be objectives of the audits, urgency of need, and availability of auditor resources.

b. The DOE Director, Office of Procurement and Assistance Management provides for Defense Contractor Audit Agency pre and post award audits to support the procurement process. This Order does not cover these procurement audit activities.

c. Heads of all Field Elements and NNSA's Associate Administrator for Management and Administration should communicate, coordinate, and advise respective contractor internal audit managers as to areas of major audit concern, and they should recommend specific audits where risks are considered to be high. Performance of these operations, in conjunction with the OIG's audit effort, will provide an effective overall audit and review program for DOE. Therefore, field elements must:

- (1) Maintain a management review program and make evaluations of programs and projects under their cognizance to determine their status, improve operations, and determine the adequacy of the management of DOE resources.

- (2) Provide for effective coordination among field elements management review programs, major facilities management contractors' internal audit staffs, and the OIG.
- (3) Provide support to the procurement process, as necessary, that includes conducting pre-award and/or making arrangements for both pre-award and post-award audits with other cognizant Federal audit agencies.
- (4) Evaluate the adequacy of coverage, technical competence, objectivity, and independence of audits conducted by internal auditors of DOE major facilities management contractors.

6. REFERENCES.

- a. Public Law (P.L.) 95-452, the Inspector General Act of 1978, as amended [Title 5 United States Code (U.S.C.), App. 3], which sets forth the authority and functions of the Inspector General.
- b. U.S. Government Accountability Office (GAO) "Government Auditing Standards," (GAO-07-162G), (for Audit of Governmental Organizations, Programs, Activities and Functions), January 2007 Revision, issued by the Comptroller General, which provides the standards for audits of governmental organizations.
- c. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" (revised June 27, 2003), which establishes audit requirements for States, local governments, and non-profit organizations.
- d. Title XXXII of P.L. 106-65, National Nuclear Security Administration Act, as amended, which established a separately organized agency within DOE.

7. NECESSITY FINDING STATEMENT. In compliance with Sec. 3174 of P.L. 104-201 (42 USC 7274k note), DOE hereby finds that this Order is necessary for the protection of human health and the environment or safety, fulfillment of current legal requirements, and conduct of critical administrative functions.

8. CONTACT. Questions concerning this Order should be addressed to the Office of Inspector General at 202-586-4128.

BY ORDER OF THE SECRETARY OF ENERGY:



CLAY SELL
Deputy Secretary