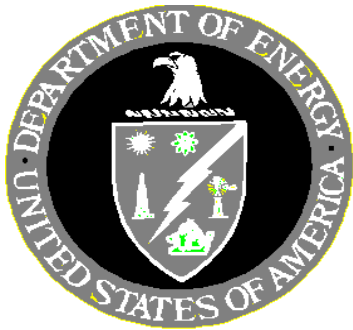


AUDIT REPORT

GRANT ADMINISTRATION AT THE
OAKLAND OPERATIONS OFFICE



JANUARY 2002

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES



U. S. DEPARTMENT OF ENERGY
Washington, DC 20585

January 15, 2002

MEMORANDUM FOR THE MANAGER, OAKLAND OPERATIONS OFFICE

FROM: Lawrence R. Ackerly, Regional Manager (Signed)
Western Regional Audit Office
Office of Inspector General

SUBJECT: INFORMATION: Audit Report on "Grant Administration at the
Oakland Operations Office"

BACKGROUND

The Department of Energy (DOE) issues science and technology (S&T) grants to advance scientific research in fields important to DOE and the nation's welfare, such as health, the environment, fusion energy, high energy physics, scientific computing, and basic energy science. Grantees are to document the scientific and technical information (STI) that results from their work in technical reports—interim and final—and provide the reports to DOE. DOE's goal is to make the STI available to the scientific community and the general public.

Three principal offices within DOE are involved in carrying out S&T grant activities. Typically, Headquarters program offices, such as the Office of Science, have management responsibilities, including soliciting and selecting recipients for grant awards, and evaluating grant results. DOE field offices, such as the Oakland Operations Office (Oakland), have administrative responsibilities, including preparing and issuing the grant document, monitoring grantee compliance with the terms and conditions of the grant, and closing out the grant. DOE's Office of Scientific and Technical Information (OSTI) is responsible for preserving grantee technical reports and making the reports available to the public.

Recent Office of Inspector General (OIG) audits at the Albuquerque Operations Office (Albuquerque) and the Environmental Molecular Sciences Laboratory (EMSL) disclosed problems with collecting grantee deliverables and forwarding research results to OSTI. A September 2001 audit report showed that Albuquerque was not receiving many of the reports specified in the grants. The audit at EMSL disclosed that most of the results of nonproprietary research done at the laboratory were not collected and forwarded to OSTI.

The OIG performed this audit of grants administered by Oakland to determine whether DOE was receiving technical reports specified in its S&T grants and making the grant results available to the public.

RESULTS OF AUDIT

Although DOE received most of the technical reports specified in its S&T grants, many of the results were not sent to OSTI for dissemination to the scientific community and the public. During Fiscal Years (FY) 1998 through 2000, Oakland administered about 1,953 S&T grants—worth about \$1.84 billion—that required STI reports. We estimated that some technical reports for about 1,237 of these grants were not sent to OSTI. Technical reports were not sent to OSTI

because Oakland issued many grants that did not require grantees to provide technical reports to it. In addition, Oakland lacked procedures for tracking the collection of reports and the forwarding of reports to OSTI. Grant results can be of significant benefit to the scientific community and public in promoting scientific advancement, thereby ensuring a fair return on DOE and taxpayer investment. When research results are not made available to the public, scientific progress may be delayed.

To strengthen grant administration, we recommended that Oakland (1) establish procedures that call for all grants to contain the requirement that all technical reports be sent to the Oakland contract specialists, (2) establish procedures for tracking the collection of technical reports, (3) establish procedures for ensuring that technical reports collected are sent to OSTI, and (4) develop performance measures related to collecting and forwarding technical reports.

MANAGEMENT REACTION

Management concurred with the recommendations. However, management's approach to implementing the recommendations did not fully address the problems identified in the report. In addition, management disagreed with some of the audit results.

GRANT ADMINISTRATION AT THE OAKLAND OPERATIONS OFFICE

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OVERVIEW

INTRODUCTION AND OBJECTIVE

The Department of Energy (DOE) issues science and technology (S&T) grants to advance scientific research in fields important to DOE and the nation's welfare, such as health, the environment, fusion energy, high energy physics, scientific computing, and basic energy science. Grantees are to document in technical reports (interim and final) the scientific and technical information (STI) that results from their work and provide the reports to DOE. DOE's goal is to make the STI available to the scientific community and the general public.

Within DOE, three principal offices are involved in carrying out S&T grant activities. Typically, Headquarters program offices, such as the Office of Science, maintain management responsibilities, including soliciting and selecting recipients for grant awards and evaluating grant results. For many of the grants, DOE field offices have administrative responsibilities, including preparing and issuing the grant document, monitoring grantee compliance with the terms and conditions of the grant, and closing out the grant. During Fiscal Years (FY) 1998 through 2000, for example, the Oakland Operations Office (Oakland) administered about 1,953 S&T grants, worth \$1.84 billion, that required STI reports. DOE's Office of Scientific and Technical Information (OSTI) is responsible for preserving grantee technical reports and making the reports available to the public. OSTI has established a web-based system to allow the scientific community and the public to access the reports.

In 1997, the Office of Inspector General (OIG) issued two reports regarding weaknesses in DOE's management of its grant programs and publication of unclassified STI. The reports disclosed that grantees were not providing the final technical and/or financial reports after completion of the grant projects and that OSTI was not receiving all STI generated by DOE's management and operating contractors. In response to these issues, DOE required financial assistance centers to monitor the receipt of interim and final technical reports from grantees and to provide these technical reports to OSTI. DOE also established requirements and responsibilities to ensure that STI is identified, processed, and made available for use by others.

Recent audits have disclosed that similar problems continue to exist. For example, *Albuquerque Operations Office's Grant Administration*, DOE/IG-0524, September 2001, showed that Albuquerque was not receiving final or interim deliverables specified in many of its grants awarded for research and development, education, as well as state and local activities. This occurred because Albuquerque did not have formal procedures in place to identify deliverables that were due.

In addition, *Dissemination of Research from the Environmental Molecular Sciences Laboratory*, DOE/IG-0526, September 2001, found that research results or deliverables for 94 of 153 completed research projects had not been received, and that 640 of 700 deliverables received had not been forwarded to OSTI. This occurred because the management system did not identify deliverables that were due. Further, contractor and DOE officials claimed that they did not fully understand the requirements for sending research results to OSTI. Other related OIG reviews are presented in Appendix 3 of this report.

In light of the prior findings and DOE's responses to those findings, the audit objective was to determine whether DOE was receiving technical reports specified in its S&T grants and making the grant results available to the public.

CONCLUSIONS AND OBSERVATIONS

Although DOE received most of the technical reports specified in its S&T grants, many of the results were not sent to OSTI for access by the scientific community and the general public. For the 1,953 grants that Oakland administered during FYs 1998 through 2000, we estimated that technical reports for about 1,237 of the grants were not forwarded to OSTI. The reports were not forwarded because Oakland did not have procedures to facilitate their collection and forwarding. Grant results can be of significant benefit to the scientific community and public in promoting scientific advancement, thereby ensuring a fair return on DOE and taxpayer investment. We estimated that DOE spent \$1.16 billion on grants for which not all technical reports were made available to the scientific community and the public through OSTI.

The audit identified issues that management should consider when preparing its year-end assurance memorandum on internal controls.

(Signed)
Office of Inspector General

TECHNICAL REPORTS NOT MADE AVAILABLE TO THE SCIENTIFIC COMMUNITY

Technical Reports Not Forwarded To OSTI

Technical reports from grantees were not forwarded to OSTI for use by the scientific community and the general public. Of the 30 grants reviewed, 19 had technical reports that were not forwarded to OSTI. For example:

- A 1993 grant was intended to improve oil recovery by developing filters to separate contaminants from oil or natural gas. Although the grantee sent all seven interim reports to the DOE program manager as required, no reports were forwarded to OSTI as of February 1, 2001. The final report is not due until January 2002. The total award for this ongoing grant was \$721,308.
- A 1997 Small Business Innovative Research grant had a goal of providing better understanding of how to increase the productivity of existing oil wells. As of February 1, 2001, DOE had received the four interim reports and a final report for Phase I of this grant; however, three of the interim reports were not forwarded to OSTI. The final report covering Phase II is not due until March 2002. The total award was \$822,691.
- In 1997, Oakland awarded a grant that had the goal of developing and testing a sorbent-based process for recovering all species of mercury from contaminated liquid wastes found and expected to be generated in the DOE complex. As of February 1, 2001, DOE had received the two interim reports on April 15, 1998, and October 12, 1999, and the final report on September 1, 2000; however, none of the reports were forwarded to OSTI. The grant was in closeout. The total award was \$824,230.

Overall, 37 of the 51 required interim and final reports were not forwarded to OSTI. Based on these results for the 30 grants reviewed, we projected that technical reports for 1,237 of the 1,953 S&T grants administered by Oakland were not forwarded to OSTI for use by others.

Receiving And Making Technical Reports Available Is DOE Policy

According to DOE Order 241.1A, DOE will identify, process, and preserve STI resulting from DOE research and related endeavors, including STI that is generated from S&T grants. In addition, DOE will make the preserved STI broadly available so that the scientific community and the public can locate and use this information to advance science, thereby ensuring a fair return on DOE and taxpayer investment.

To meet the requirements of DOE Order 241.1A, DOE's Office of Procurement and Assistance Policy issued Financial Assistance Letter (FAL) 98-2, dated April 17, 1998. This FAL required grant-awarding organizations, such as Oakland, to monitor the receipt of interim and final technical reports from grantees and provide those reports to OSTI.

Procedures Not Established For Collection And Forwarding Of Technical Reports

Technical reports were not forwarded to OSTI because Oakland did not establish procedures to facilitate their collection and forwarding. Specifically, not all grants issued by Oakland required grantees to provide a copy of all technical reports to Oakland. In addition, Oakland lacked procedures for tracking the collection of reports that it did receive from the grantees and the forwarding of the reports to OSTI.

Even though Oakland issued the grants and was to ensure that all technical reports were collected and forwarded to OSTI, Oakland did not identify itself as a report recipient in many of the grants it issued. Grantees were not required to forward technical reports to Oakland for 14 of the 30 grants reviewed. Instead, the reports were to be provided to the program manager at DOE Headquarters. Because there was no requirement for the program managers at Headquarters to send a copy of these technical reports to Oakland or to OSTI, 23 of the 29 technical reports provided to program managers were never received by Oakland and forwarded to OSTI.

For grants specifying that Oakland was to receive technical reports, Oakland lacked procedures for tracking the collection and forwarding of the reports. To administer its grants, Oakland used the Contract Management Information System. However, this system lacked features for notifying Oakland when reports were due and tracking the dates reports were received and the dates reports were forwarded to OSTI.

We assessed whether there were performance measures established under *The Government Performance and Results Act of 1993* related to the collection and forwarding of technical reports. We determined that Oakland did not have any performance measures addressing these issues.

Promoting Scientific Advancement And Ensuring A Fair Return On Investment

When technical reports and the information they contain are not forwarded to OSTI, it is questionable whether the taxpayer is receiving full value for the funds spent on grants. The information can significantly benefit the scientific community and public in promoting

the advancement of science, thereby ensuring a fair return on DOE and taxpayer investment. When research results are not made available, scientific progress may be delayed.

DOE spent \$30 million on the 19 grants for which not all technical reports were provided to OSTI. Based on our audit results, we estimate that there were 1,237 of the 1,953 S&T grants administered by Oakland where not all technical reports were provided to OSTI.

RECOMMENDATIONS

We recommend that the Manager, Oakland Operations Office:

1. Establish procedures that call for all grants to contain the requirement that all technical reports be sent to the Oakland contract specialists;
2. Establish procedures for tracking the collection of technical reports;
3. Establish procedures for ensuring that technical reports collected are sent to OSTI; and,
4. Develop performance measures related to collecting and forwarding technical reports.

MANAGEMENT REACTION

The Oakland Operations Office generally concurred with our recommendations but stated that the data collected by the OIG did not accurately represent the number of reports not forwarded to OSTI. Specifically, management questioned our interpretation of whether: (1) all interim and final reports should be sent to OSTI; (2) FAL 98-2 guidance should be applied to grants awarded prior to 1998; (3) we appropriately accessed the Technical Information Monitoring System (TIMS); and (4) information is being received by the scientific community.

Each of these concerns, along with our response, is discussed more fully below. We have also attached management's comments in their entirety at Appendix 4. In addition, we held follow-up discussions with Oakland management to clarify our understanding of the written comments they provided.

Interim and Final Reports

Management stated that the OIG mistakenly based its calculation of the number of reports that should have been forwarded to OSTI based on FAL 98-2, which states that all interim and final reports should be forwarded to OSTI. Management stated that Oakland has conducted its own review and believes the OIG may have misinterpreted the number of reports required to be submitted to OSTI. In two-thirds of the audited grants, the reporting checklist indicated a range from 3-7 copies, which includes discretionary reports. Although the number of copies may be 7, it is only 1 required report and if the reports are discretionary then no reports would be required.

OIG Response: We were aware that the reporting checklist indicated a report submission range of 3-7 copies. In determining the number of reports that should go to OSTI, we counted the multiple copies of a particular submission as one report. Further, in determining the number of STI reporting requirements for each grant, only those requirements documented in the reporting checklist of each respective grant were counted. After follow-up discussion on this issue, management was satisfied that we appropriately accounted for the number of required reports.

FAL 98-2

Management stated that FAL 98-2 became effective April 1998 and its new requirements were not applied retroactively to existing grants. Of the grants reviewed, 10 grants were awarded after 1998. Only 3 grants have expired, which require 1 informal report and the final report. Only 1 grantee has not submitted the final report; however, this grant has a 90-day period after performance to submit the final report. The remaining 16 grants are still active and therefore final reports are not due and cannot be collected and forwarded to OSTI. Therefore, the FAL's requirement to forward technical reports – whether interim or final – did not apply to the majority of grants reviewed. Management stated that a sample of 10 grants was too small to arrive at the auditor's conclusions. In addition, OSTI no longer accepts a hard copy of reports and requested electronic reporting or that hard copies of reports be kept with the official grant files. However, interim copies of reports are only being sent to the Program Manager and are not available to the official file. The interim reports are viewed as informal and may not have significant dissemination value to the public.

OIG Response: The FAL required that contracting activities initiate immediate follow-up action when a report has not been received in accordance with the grant award. There was no qualification that the FAL requirement applied only to grants issued after April 1998. All 30 grants in our sample were active when FAL 98-2 was issued and 23 of the grants questioned required reports after FAL 98-2 was issued. Therefore, we disagree with management's position that the sample was too small to evaluate and draw conclusions from. Moreover, based on management's comments and our subsequent conversations on this issue, we agreed that the numbers in this report should reflect only those interim and final STI reports that were required to be submitted after the FAL 98-2 implementation. The benefit of transmitting interim and final STI reports to OSTI as hard copies or electronic copies as well as the location of the official copy of interim reports was not evaluated as part of our review. Our focus was whether the STI was received and made available to the public.

TIMS

Management stated the TIMS was not accessed by the OIG. OSTI is responsible for updating the OSTI system from the information reported to TIMS and Oakland stated there is currently a backlog of information to update from TIMS. Therefore, the OIG has drawn the conclusion on the number of reports not found in the OSTI as the valid number when in fact a larger number of reports are in the TIMS. In addition, management stated the Office of Science reached an agreement with OSTI to only submit the final technical report for dissemination to the public, which reduces the number of reports to be submitted.

OIG Response: We did not initially use TIMS data, but relied instead on information provided to us by OSTI. Based on management's comments, however, we compared our data to TIMS and found no significant differences. With regard to the issue of whether only final technical reports must be submitted, the Office of Procurement and Assistance Policy informed us that any interim technical deliverables that contain STI must be submitted to OSTI. Only interim reports that do not contain STI would be exempt from this requirement.

Information Distribution

Management stated that the OIG's conclusion that the scientific community is not receiving information was inaccurate. According to management, the OIG accepted FAL 98-2 as the source for determining the reporting requirements and therefore concluded that information not being made available to OSTI has not been disseminated to the scientific community. Management stated that, as a means to further release information to the public and scientific community, the Office of Science encourages grantees to publish in scientific journals and disseminate their progress and findings at conferences within the scientific community. This release of information to the scientific community is believed to be more timely and beneficial to the public at large. It is management's understanding that grantees are, in fact, publishing the progress and results of their work and presenting this information at conferences.

OIG Response: We recognize that researchers use other means, such as conferences and white papers, to share the results of their work. However, DOE Order 241.1 was established to ensure that STI is identified, processed, and preserved in a manner that enables the scientific community and public to locate and use the STI resulting from DOE's research. Thus, DOE and Oakland still have a responsibility to ensure all STI, whether interim or final, is provided to OSTI.

Summary Comments

Management concluded its general comments by stating that Oakland had complied with the intent of FAL 98-2, had submitted more reports than required, and had met the reporting requirement as set for by the Office of Science. Additionally, management stated that Headquarters was in the process of revising FAL 98-2 and would address the requirement for submission of reports for new, renewed, and existing grants.

OIG Response: While management generally concurred with our recommendations, we do not consider its proposed actions to recommendations 1, 2, and 3 to be fully responsive. Specifically, management's response did not address submitting interim STI reports to OSTI; rather, it addressed only collecting and forwarding final STI reports to OSTI. Management's concurrence with recommendation 4 is considered responsive.

Appendix 1

SCOPE

The audit was performed at Oakland (Oakland, California) and the DOE Office of Science (Washington, D.C.) from November 2000 to August 2001. The grants reviewed were those that Oakland had awarded, monitored, or closed out during FYs 1998-2000.

METHODOLOGY

To accomplish the audit objective, we:

- Reviewed applicable Federal and DOE regulations;
- Interviewed DOE contracting officials and program managers;
- Statistically sampled and reviewed 30 S&T grants administered by Oakland (see Appendix 2);
- Reviewed grant files at Oakland and the DOE Office of Science for receipt of interim and final technical reports;
- Requested support from OSTI to determine whether or not its database contained technical reports for the 30 sample grants;
- Reviewed *Government Performance and Results Act of 1993* performance measures related to the audit objective; and,
- Reviewed prior OIG and General Accounting Office audit reports.

The audit was performed in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Accordingly, we assessed the significant internal controls with respect to the grant reporting process and the forwarding of grant results to OSTI. We performed an assessment of the reliability of computer-processed data and our test did not disclose any material weaknesses with computer-processed data. 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. We discussed the finding and responses with Oakland representatives on October 9, 2001.

Appendix 2

SAMPLING OBJECTIVE, TECHNIQUE, AND EVALUATION

Objective

The sampling objective was to estimate the number of grants for which DOE did not collect technical reports specified in its S&T grants or make the grant results available to the scientific community and the public.

Technique

We used the Audit Command Language data analysis software to randomly select the sample and the U.S. Army Audit Agency statistical sampling software to evaluate the sampling results. The sampling universe consisted of 1,953 S&T grants that Oakland administered during FYs 1998-2000. A sample size of 30 grants was established with a confidence level of 95 percent and an expected population error rate of 20 percent. The sampling units were the individual S&T grants.

We used attribute sampling. The attributes tested were (1) whether DOE (either Oakland or Headquarters) received technical reports (interim and/or final reports) that the grant specified were due between January 1998 and February 2001, and (2) whether DOE forwarded the technical reports to OSTI by February 2001. Any grant where the technical reports were not collected by DOE or the reports were not forwarded to OSTI was considered an exception. We obtained copies of the grants and excerpts of interim and final reports and discussed grant reporting requirements with key DOE officials to determine why the technical reports were not collected or were not forwarded to OSTI.

Evaluation

Based on our review of grant files and discussions with DOE contracting officials and program managers, 19 of the 30 grants had technical reports that were not forwarded to OSTI. At the 95 percent confidence level, we projected that the number of grants for which technical reports (interim and/or final reports) were not sent to OSTI ranged from 902 to 1,571 grants, with a point estimate of 1,237 grants for the 1,953 grants in the population.

Appendix 3

RELATED OFFICE OF INSPECTOR GENERAL REPORTS

- *Dissemination of Research from the Environmental Molecular Sciences Laboratory*, (DOE/IG-0526, September 2001). EMSL had not received research results or deliverables for 94 of 153 completed research projects, and had not forwarded to OSTI 640 of 700 deliverables that EMSL did receive. This occurred because the management system did not identify deliverables that were due. Further, contractor and DOE officials claimed that they did not fully understand the requirements for sending research results to OSTI.
- *Albuquerque Operations Office's Grant Administration*, (DOE/IG-0524, September 2001). Albuquerque was not receiving final or interim deliverables specified in many of its grants awarded for research and development, education, as well as state and local activities. This occurred because Albuquerque did not have formal procedures in place to identify deliverables that were due. This impacted Albuquerque's ability to initiate follow-up actions when deliverables were overdue.
- *Audit of Peer-Reviewed Scientific Literature Generated at the Department's Light Sources*, (DOE/IG-0520, August 2001). Only 44 percent of abstracts generated from work performed at DOE's light sources in FY 2000 were available for public dissemination through OSTI. This occurred because OSTI did not establish procedures to ensure that peer-reviewed journal literature for research performed at the light sources was collected in OSTI's *PubSCIENCE* database.
- *Audit of Departmental Receipt of Final Deliverables for Grant Awards*, (DOE/IG-0415, December 1997). Many grantees did not provide final technical and financial reports at the end of the grant projects. DOE had not received final deliverables on about 718 inactive grants, valued at about \$232 million. Also, DOE officials waived reporting requirements in order to facilitate the closeout process, or extended performance periods inappropriately.
- *Audit of the Department of Energy's Scientific and Technical Information Process*, (DOE/IG-0407, June 1997). DOE and its contractors had not implemented systems to effectively identify, collect, and disseminate STI on a life-cycle basis and OSTI was not receiving all STI generated by the management and operating contractors.
- *Audit of Selected Government-Funded Grants and Contracts at Princeton University*, (ER-B-98-04, December 1997). The amount of labor effort and expenditures incurred on 20 Princeton agreements was questioned. This was exacerbated by Princeton's inadequate documentation of labor effort. The similarity of the work at Princeton and the commercial business and the major role played by one of the principal investigators at both Princeton and the commercial business obscured whether the labor effort and expenditures claimed were incurred solely for the benefit of Princeton's agreements.

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- *Audit of Economic Development Grants and a Cooperative Agreement with East Tennessee Not-For-Profit Organizations*, (ER-B-97-01, October 1996). Significant amounts awarded to the East Tennessee Economic Council (ETEC) were not being used for their intended purposes. This occurred because DOE considered certain types of costs to be allowable even though the costs were outside the grants' approved scopes of work. Also, DOE advanced ETEC about \$1.4 million more than it needed to establish a revolving loan fund. DOE also allowed ETEC to hold about \$148,000 in interest earned because the officials responsible for awarding and administering the grants were not familiar with Federal rules on cash advances and interest earned on them.

Appendix 4

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United States Government

Department of Energy

memorandum

DATE: September 20, 2001

REPLY TO:
ATTN OF: Oakland Operations Office (BEPD)

SUBJECT: IG Draft Report Entitled "Grant Administration at the
Oakland Operations Office (OAK)"

TO: Frederick G. Pieper, Team Leader, Livermore Audit Group,
Office of Inspector General

Attached is the Oakland Operations Office's response to the
IG draft report.

If you have any questions please call Louis Krasnovsky at
(510) 637-1514.



Eileen Bountree-McLennan, Director
Business Evaluation and Performance
Division

Attachment

Response to Draft IG Report

"Grant Administration at the Oakland Operations Office"

General Comments:

The Oakland Operation Office (OAK) believes the data collected by the IG does not accurately represent the number of reports not forwarded to Office of Science and Technical Information (OSTI) Center and therefore the dollar value reported for information not being disseminated to OSTI and to the Scientific Community is incorrect.

OAK has the responsibility to ensure technical reports are collected and forwarded to the OSTI. OSTI's current reporting system is E-Link, an Internet electronic reporting system. Prior to E-Link the reporting system was the Technical Information Monitoring System (TIMS).

There are four areas, which contributed to the inaccuracy of the audit results 1) all interim and final reports should be sent to OSTI; 2) the IG applied Financial Assistance Letter 98-02 guidance to grants awarded prior to 1998; 3) the TIMS system was not accessed by the IG and 4) information is not being received by the scientific community.

The IG has based the number of reports to be forwarded to OSTI on DOE Financial Assistance Letter (FAL) 98-02 which states, all interim and final reports should be forwarded to OSTI. FAL 98-02 also states that reporting requirements should serve a useful purpose including dissemination of scientific and technical information. The IG audit has accepted FAL 98-02 as the source for determining the reporting requirements and therefore drawn a conclusion that information not being made available to OSTI has not been disseminated to the scientific community.

FAL 98-02 was effective April 1998, however, there is no requirement, which mandates the retroactive reporting of existing grants to OSTI. Additionally, OSTI no longer accepts a hard copy of the report and has requested electronic reporting or that hard copies of reports to be kept with the official grant file. However, interim copies of report are only being sent to the Program Manager and not available to the official file. The interim reports are viewed as informal and may have no significant dissemination value to the public.

A review by OAK of the TIMS system reflected a larger number of interim reports submitted than the number of reports reflected in the OSTI system. It is OSTI responsibility to update the OSTI system from the information reported to TIMS. OSTI currently has a backlog of information to update from TIMS. Therefore the IG has drawn the conclusion on the number of reports not found in the OSTI as the valid number when in fact a larger number of reports are in the TIMS system. Additionally, the Office of Science reached an agreement with OSTI to only submit the final technical report for dissemination to the public, which reduces the number of reports to be submitted. As a means to further release information to the public and scientific community, the Office of

Science encourages grantees to publish in scientific journals and disseminate their progress and findings at conferences among the scientific community. This release of information to the scientific community is believed to be more timely and beneficial to the public at large. It is OAK understanding that grantees are in fact publishing their progress and results and presenting at conferences.

OAK has conducted its own review and believes the IG may have misinterpreted the number of reports required to be submitted to OSTI. In two-third of the audited grants, the reporting checklist, indicates a range from 3-7 copies, which includes discretionary reports. Although the number of copies may be 7, it is only 1 required report and if the reports are discretionary then no reports would be required.

Additionally, of the 29 grants audited, 10 grants or one-third were awarded after 1998. Only 3 grants have expired, which require 1 informal report and the final report. Only 1 grant has not submitted the final report; however, this grant has a 90-day period after performance to submit the final report. The balance of 16 grants are still active and therefore final reports are not due and therefore can not be collected and forwarded to OSTI. Again per an agreement between Office of Science and OSTI only final reports would be submitted. Therefore, the sample of applicable 10 audited grants is too small to arrive at the conclusions of this audit.

Currently, Headquarters is in the process of revising FAL 98-02 and will address the requirement for submission of electronic reporting and submission of reports with applicability to new, renewals and existing grants.

In conclusion, several factors impact whether all reports should have been sent to OSTI, 1) grants awarded prior to 1998; 2) the usefulness of reports to the public and scientific community; 3) a statutory requirement to forward all reports to the Office of Science Technical Information Center; and 4) the reporting checklist.

OAK has complied with the intent of FAL 98-02 and has submitted more reports than required and has met the reporting requirement as set forth by the Office of Science.

Response to Recommendations:

Recommendation 1: Establish procedures that call for all grants to contain the requirement that all technical reports be sent to OAK contract specialists.

Concur: This procedure is currently in place. The reporting requirement checklist reflects sending the final technical reports to the contract specialist.

Recommendation 2: Establish automated procedures for tracking the collection of technical reports.

Concur in principle: OAK offers an alternative to an automated tracking system. OAK will develop desk procedures to track the collection of final technical report. The desk procedures will be developed within 90 days of the receipt of the Final IG report.

Recommendation 3: Establish procedures for ensuring that technical reports collected are sent to OSTI.

Concur: OAK will develop desk procedures, which will ensure the final technical report is collected and sent to OSTI. The desk procedures will be developed within 90 days of the receipt of the Final IG report.

Recommendation 4: Develop performance measures related to collecting and forwarding technical reports.

Concur: OAK will develop a reporting system, which will identify the collection and submission of technical reports to OSTI. This reporting system will then be converted into a performance chart to track the performance of both collection and submission performance measures. This will be developed within 90 days of the receipt of the Final IG report.

CUSTOMER RESPONSE FORM

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1. What additional background information about the selection, scheduling, scope, or procedures of the audit would have been helpful to the reader in understanding this report?
2. What additional information related to findings and recommendations could have been included in this report to assist management in implementing corrective actions?
3. What format, stylistic, or organizational changes might have made this report's overall message more clear to the reader?
4. What additional actions could the Office of Inspector General have taken on the issues discussed in this report which would have been helpful?

Please include your name and telephone number so that we may contact you should we have any questions about your comments.

Name _____ Date _____

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Washington, D.C. 20585
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