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Department of Energy

**Office of Inspector General
Washington, D.C. 20585**

FY 1994 ANNUAL WORK PLAN

OCTOBER 1993

MASTER

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Washington, DC 20585

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This is the third Office of Inspector General (OIG) Annual Work Plan. Its purpose is to summarize work completed in Fiscal Year (FY) 1993, identify ongoing projects from previous fiscal years which the OIG intends to continue into FY 1994, and announce planned projects which the OIG intends to begin in FY 1994. Much of the information contained in the OIG Annual Work Plan is taken from the individual annual work plans issued by the Assistant Inspectors General and from the two Semiannual Reports to Congress issued in FY 1993.

It is recognized that many external factors influence the accomplishment of work in the OIG Annual Work Plan, as well as the scope or depth of coverage devoted to any given project. Nevertheless, the OIG Annual Work Plan depicts significant areas and issues within the Department of Energy which will be subjects of the OIG's efforts. The overall purpose of the work presented in this Plan is to evaluate the efficiency and effectiveness of Department programs and operations, and to assist management in improving its management controls.

The FY 1994 OIG Annual Work Plan is distributed to OIG managers and supervisors to provide in one document a summary perspective on the total activities of the OIG. The Plan is also available upon request to Department managers and the general public.

John C. Layton
Inspector General

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FOREWORD

During Fiscal Year 1994, the challenges and opportunities which face the Office of Inspector General in accomplishing its work load are greater than ever. In addition to carrying out streamlining and "rightsizing" Government initiatives, the Office of Inspector General is reviewing an increasing work load of issues and concerns associated with Department of Energy changing priorities, program and funding modifications, and structural reorganizations. Because of these challenges and opportunities, it is imperative that this Office seek ways to increase not only its productivity, but the quality of its products, as well. We must all practice thinking beyond Office outputs (such as reports, correspondence, and statistical data) to the outcomes of our work. That is, we must become concerned with identifying and measuring the *value added* which the Office of Inspector General gives to the Department of Energy's programs and operations.

During Fiscal Year 1994, we must explore new ways to put quality into our work; that is, we must find new ways to ensure our work conforms to customer requirements and meets customer expectations. We must explore new ways to increase our work's effectiveness; that is, we must find new ways to ensure our work *achieves the results intended*. These explorations are an "all hands" effort, for each Office of Inspector General employee is responsible for making certain that his or her product is quality work that contributes to positive changes within the Department of Energy.

A major step toward successfully increasing quality and effectiveness in our work is the development of performance measurements. Performance measures will allow the Office to track its progress toward fulfilling its mission and reaching its vision of what it ought to be. Performance measures are at the heart of the quality process, helping each employee to gauge his or her performance against a benchmark standard and to identify and monitor improvements in that performance over time.

Office of Inspector General work planned for Fiscal Year 1994 should be used as a test bed for the development of performance measurements. The development of these measures, like our emphasis on quality and effectiveness, must be an integral part of the Office's daily work and not seen as something else to be accomplished when time permits. The development of performance measures must, like quality and effectiveness, be a constant priority which accompanies the development of our products and our personal evaluations of our own work. Until we think this way about quality, effectiveness, and measurement, we will not be on the road toward achieving our vision.

INTRODUCTION

In accordance with the Inspector General's Strategic Planning Policy directive, the Office of Inspector General (OIG) annually updates its Strategic Plan with budgetary and program guidance for the next fiscal year. In implementation of the Inspector General's program guidance, the Assistant Inspectors General are required to publish annual work plans before the start of each fiscal year covering their respective functional areas (audits, inspections, investigations, and administration).

Applicable portions of the annual work plans issued by the Assistant Inspectors General have been combined to form a major part of the FY 1994 OIG Annual Work Plan. Also, included are portions of the most recent OIG Semiannual Reports to Congress which give overviews of the OIG's mission/organization and brief summaries of completed FY 1993 work.

In addition to presenting descriptions of the OIG's major functions and listing examples of the OIG's recent, current, and planned work, the OIG Annual Work Plan presents a summary of current OIG goals and objectives, issues, and initiatives to be accomplished during the fiscal year. The Plan also discusses factors which had to be taken into consideration when planning the fiscal year's work load.

The OIG Annual Work Plan is a planning document, identifying key issues and concerns to be explored during the fiscal year and establishing work patterns which will address them in sufficient depth. Unforeseen opportunities, challenges, or impediments often require that the planned work be modified, or that the planned work be postponed or replaced altogether by other projects.

The FY 1994 OIG Annual Work Plan describes OIG progress on selected issues by identifying recent completed work, as well as a sampling of work currently underway or planned for the new fiscal year. It also presents investigative statistics which were previously reported in the two OIG Semiannual Reports to Congress which cover FY 1993.

Questions, comments, and recommendations for improvements to future OIG Annual Work Plans may be addressed to Rob Jacques (202) 586-3223.

MISSION OF THE OFFICE OF INSPECTOR GENERAL

Mission Statement: The Office of Inspector General promotes the effective, efficient, and economical operation of Department of Energy programs through audits, inspections, investigations, and other reviews.

The DOE Office of Inspector General (OIG) operates under the Inspector General Act of 1978, as amended, with the following responsibilities:

1. To provide policy direction for, and to conduct, supervise, and coordinate audits and investigations relating to the programs and operations of DOE.
2. To review existing and proposed legislation and regulations relating to programs and operations of DOE, and to make recommendations in the semiannual reports required by the Inspector General Act of 1978 concerning the impact of such legislation or regulations on the economy and efficiency in the administration of programs and operations administered or financed by DOE, or on the prevention and detection of fraud and abuse in such programs and operations.
3. To recommend policies for, and to conduct, supervise, or coordinate other activities carried out or financed by DOE for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations.
4. To recommend policies for, and to conduct, supervise, or coordinate relationships between DOE and other Federal agencies, state and local governmental agencies, and non-governmental entities with respect to:
  - a. All matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of fraud and abuse in, programs and operations administered or financed by DOE.
  - b. The identification and prosecution of participants in such fraud or abuse.
5. To keep the Secretary of the Department of Energy and the Congress fully and currently informed, by means of the reports required by the Inspector General Act of 1978, concerning fraud and other serious problems, abuses and deficiencies relating to the administration of programs and

operations administered or financed by DOE, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action.

OIG MAJOR FUNCTIONS

The OIG audit function is responsible for performing independent audits of all DOE programs, including financial and financial-related audits as well as economy and efficiency and program results audits. The function is also responsible for issuing audit policy and guidance to other Departmental elements and for seeing that all audit work done in the Department, including that done by the integrated contractors, meets Government Audit Standards or the standards issued by the Institute of Internal Auditors. The audit function undertakes initiatives to increase the scope and effectiveness of audit coverage for DOE operations and ensures the most efficient use of total audit resources available to the Department.

The OIG inspection function performs inspections and analyses as required by the Inspector General. An inspection is an examination of a program, project, function, activity or organization. The purpose of an inspection is to evaluate the effectiveness of an operation, to determine compliance with laws and regulations, or to evaluate program results. As inspection is also another technique used to detect or prevent fraud, waste, or mismanagement. Inspections are designed to provide timely feedback to program managers and, in some instances, provide a source of analytical information for audits or criminal investigations. Assistance and analysis are provided to other elements of the OIG or elements outside the OIG, as requested. The services may be provided through full-time assignment of inspection personnel to assist on a project, the development of a written product in support of a project, or consultation on a project.

The OIG investigative function identifies and pursues indicators and allegations of fraud and other forms of improprieties involving DOE programs and operations. In addition, the investigative function makes administrative recommendations to DOE management to prevent recurrence of the events and circumstances which allowed the fraud, waste or abuse. OIG investigators inquire into prohibited or improper activities committed against DOE by its contractors, vendors, employees and any others who have relationships with DOE. Priority is given to allegations of fraud, environment, safety and health matters, and suspected violations of standards of conduct which reflect on the integrity and suitability of DOE officials. OIG investigators promptly refer information indicating violations of Federal criminal laws to the Department of Justice for prosecutive consideration. When there is evidence of violations of DOE regulations, abuses of authority or mismanagement, that

information is referred to DOE management for appropriate administrative action. OIG investigators are as committed to the detection, correction and prevention of administrative deficiencies as they are to the investigation and prosecution of those who defraud the DOE. In all instances, primary attention is given to correcting systemic deficiencies in DOE programs and operations.

The OIG administrative function, under the cognizance of the Assistant Inspector General for Policy, Planning and Management (AIGP), provides the necessary administrative support and management services to assist the Office of Inspector General in accomplishing its mission. It provides these services to the immediate Office of the Inspector General, the Assistant Inspectors General for Audits, Investigations, and Inspections, as well as for its own office. AIGP support services include Automated Data Processing/Management Information Systems (ADP/MIS), personnel, training, budget, travel, procurement, security, Freedom of Information/Privacy Act responses, short and long-range planning, directives control, and management of space, property and records. AIGP also coordinates all activities of the President's Council on Integrity and Efficiency (PCIE) in which the IG participates, and the Federal Managers' Financial Integrity Act (FMFIA) process within the OIG. AIGP performs unusual special projects requiring rapid turnaround, which include performing and/or coordinating special projects mandated by the Congress or the Secretary, or in connection with Government-wide surveys and studies being conducted by the various Government-wide oversight offices.

The OIG quality assurance function evaluates OIG operations to ensure that work performed by audit, inspection, investigation, and administration components adheres to OIG policies and procedures and meets established standards of performance. The objectives of the quality assurance reviews are to improve operations, strengthen internal controls, and ensure that all OIG operations are carried out economically, efficiently and effectively.

PLANNING FACTORS

In planning work for this fiscal year, the OIG has been guided by the following planning factors:

1. **OIG Vision Statement:** To do quality work that facilitates positive change.
2. OIG goals and objectives, as established in the current OIG Strategic Plan.
3. OIG initiatives and improvements, as established in the current OIG Strategic Plan.
4. DOE-reported material weaknesses, as disclosed in the Secretary's Federal Managers' Financial Integrity Act letter to the President.
5. Office of Management and Budget (OMB) "high risk" areas.

OIG GOALS AND OBJECTIVES

The following OIG goals and objectives provide the framework within which DOE's programs and operations will be examined. These goals and objectives are based on the IG responsibilities established by the Inspector General Act of 1978.

1. GOAL: Promote economy, efficiency, and effectiveness in DOE programs and operations.
  - A. Perform all work required by law or regulation.
  - B. Give emphasis to oversight of programs in support of the National Energy Strategy, the Secretary's 10-point Plan and other high priority operations.
  - C. Perform work in areas most vulnerable to inefficiencies.
  - D. Give priority to fulfilling requests for services from the Secretary, Congress, OMB, or other appropriate Government authorities.

2. GOAL: Detect and deter fraud, abuse, and violations of law in DOE programs and operations.
  - A. Give priority support to authorities prosecuting cases of white collar crime and other significant matters.
  - B. Give emphasis to inquiries into allegations of environmental crimes.
  - C. Coordinate, cooperate, and assist other OIG elements in disclosing, investigating, and auditing suspect transactions and activities.
  - D. Inquire into allegations of mismanagement and wrongdoing.
  - E. Ensure that proper internal controls are established in DOE programs and operations.
3. GOAL: Carry out efficient and effective programs of audits, inspections, investigations and administrative support.
  - A. Develop organizational goals, objectives and strategies in furtherance of overall OIG goals and objectives.
  - B. Increase the timeliness of responding to requests and reporting results of work by eliminating bottlenecks and redundancies in the review process, or by reducing review time frames.
  - C. Increase productivity by eliminating unnecessary work and promptly curtailing inquiries and reviews showing little potential through the use of effective review processes and maintaining proper product orientation.
  - D. Improve the quality of work product through training, effective supervision and review.
  - E. Provide effective administration of OIG financial, personnel and property resources.
  - F. Maintain and use efficient and effective data bases and management information systems.
  - G. Perform resource acquisition and work load planning.
  - H. Provide audit policy for DOE programs and operations.

4. GOAL: Make recommendations to the Secretary and Congress regarding existing and proposed legislation and regulations relating to programs and operations of DOE.
  - A. Review significant existing and proposed legislation and regulations relating to DOE.
  - B. Make recommendations, as appropriate, to mitigate or eliminate any significant adverse impacts of such legislation and regulations.
5. GOAL: Keep the Secretary and Congress informed of fraud and serious problems relating to DOE, recommend corrective actions, and report on progress.
  - A. Semiannually issue a report to the Secretary summarizing OIG activities and providing the status of corrective actions on recommendations.
  - B. Promptly disclose to the Secretary and Congress significant and urgent matters concerning DOE programs and operations. Use the 7-day letter for reporting, when warranted.

OIG INITIATIVES AND IMPROVEMENTS FOR FY 1994

The Assistant Inspectors General (AIGs) plan to accomplish the following OIG internal initiatives and improvements by September 30, 1994.

1. Improve coordination and cooperation among the Offices of Audits, Inspections, and Investigations.
2. Improve the currency and accuracy of the OIG Management Information System (MIS).
3. Use the MIS as a tool for measuring performance and controlling work loads.
4. Develop, publish, and maintain a detailed handbook covering all MIS procedures for users of the OIG MIS.
5. Develop and implement OIG records management policy and procedures.

6. Maintain a comprehensive policy and procedures for investigative case file creation, maintenance, and disposition.
7. Continue to give emphasis to the Affirmative Employment Program.
8. Increase management training and development.
9. Continue to give emphasis to the Cooperative Education Program.
10. Conduct a vigorous quality assurance program, focusing on providing greater coverage of investigations and inspections.
11. Implement OIG ADP and document security program at all OIG sites.

Office of Inspector General

FY 1993 MAJOR PROJECTS

and

PLANNED WORK FOR FY 1994

IN 6 KEY ISSUE AREAS

INTRODUCTION

To streamline planning and reporting, the Office of Inspector General (OIG) summarizes its coverage of Department programs and operations using 6 broadly-based key issue areas. These key issue areas, discussed below, provide a general framework within which IG resources are applied to evaluate Department management controls and to assist management in its decisionmaking.

The 6 OIG key issue areas are:

1. Contract Administration.
2. Program Management.
3. Environment, Safety & Health.
4. Infrastructure.
5. Financial Management.
6. Administrative Safeguards.

In the pages that follow, each key issue area has a brief introductory statement, a summary of significant work completed in the area during FY 1993, a list of work projects started in FY 1993 and being carried forward into FY 1994, and a list of work projects to be started in FY 1994. Due to space limitations, the reports listed as significant work completed during FY 1993 were often selected from a pool of possible OIG audit, inspection, and investigation reports. Further, the summaries of past activities are necessarily brief. More detailed narratives may be found in the corresponding Semiannual Reports to Congress, or in the audit and inspection reports themselves.

CONTRACT ADMINISTRATION

This key issue area encompasses all of DOE's procurement and grant management activities. The Department accomplishes many of its missions in part through management and operating contractors who run DOE's major facilities and other operations. Accordingly, much OIG work involves the Department's direction and administration of its management and operating contractors and their activities.

OIG FY 1993 COMPLETED WORK IN THIS AREA

Departmentwide Audit of Control and Management of Indirect Costs

Auditors found that the Department was not adequately emphasizing the importance of charging costs to the element which causes or which benefits from the costs. Neither the Department nor its management and operating contractors always reviewed disclosure statements because they did not consider compliance with requirements to do so a high priority. Also, the Department's administration of indirect cost did not include economy and efficiency reviews because implementing instructions had not placed sufficient priority on operating efficiency. The auditors recommended several corrective actions regarding allocation of indirect costs, compliance with disclosure statement requirements, and administration of indirect costs. (IG-0318)

Administration of Conflict of Interest Relating to Technology Transfer at Los Alamos National Laboratory

Auditors found that four Laboratory employees had engaged in apparent conflicts of interest in that they appeared to make decisions as Laboratory employees, to use Government resources, and to take privileged information to further their financial interests in their spin-off businesses. The auditors recommended that the Albuquerque Operations Office include the Department of Energy Acquisition Regulation requirements in the contract being negotiated with the University of California, ensure that the Laboratory's conflict of interest policies are adequate and comply with contract requirements, and review periodically the effectiveness of the Laboratory's implementation of its policies. (IG-0319)

Disposal of Excess Capital Equipment at the Fernald Environmental Management Project, Fernald, Ohio

The audit disclosed that Westinghouse Environmental Management Company had not disposed of Government equipment in accordance with Federal and Department regulations, contract terms, and company policy. Company employees mixed contaminated with uncontaminated equipment, disposed of Government equipment without Department notification or approval, and sold Government equipment and scrap at less than maximum prices. The auditors recommended several corrective actions, including that the Fernald Operations Office require the new contractor to fully comply with Federal and Department regulations for the disposal and sale of excess capital equipment. (IG-0320)

Allowable Costs at Department of Energy Management and Operating Contractors

An audit found that Department managers did not always (1) enforce strict compliance with contract terms, (2) require contractors' internal auditors to perform allowable cost audits, and (3) ensure that contract language that varied from the Department's Acquisition Regulation was properly authorized and the consequences for contract noncompliance were adequately defined. Six of the nine contractors audited had Fiscal Year 1991 costs of \$5.4 million which the auditors considered unallowable because of noncompliance with contracts or because of a lack of proper approval for variations from acquisition regulations. The auditors made several recommendations for corrective action to enhance the Department's contract administration. (IG-0321)

Contractor Technical Representative Solicited and Received Gratuities

Investigators determined that over a 21-month period, a contractor technical representative at a national laboratory solicited and received gratuities from suppliers in the form of meals, baseball tickets and other gifts valued at over \$1,500. The investigative report recommended administrative actions which would help to prevent similar incidents of wrongdoing in the future. (I90SF007)

Capital Equipment Purchased to Support the Environmental Restoration Program at the Hanford Site

An audit disclosed Hanford's management and operating contractor had spent \$2.3 million on equipment that was similar to over 300 items of equipment with low usage already in inventory, such as

forklifts, generators, heavy duty trucks, locomotives, railroad cars and dragline cranes. The company had also performed excessive maintenance totaling about \$3 million on trailers, trucks, snow throwers, chainsaws, pumps, drills, and other similar items. The auditors recommended that the company be provided guidance regarding repair and maintenance of capital and noncapital equipment, as well as directed to ensure under-used equipment is identified and reassigned. (WR-BC-93-1)

Followup on Audits of Purchase of Natural Gas and Natural Gas Pipeline Lease

The followup audit disclosed that the Albuquerque Operations Office did not follow the course of action recommended in the previous audits, thereby missing an estimated annual savings of \$3.6 million. The audit report recommended that Albuquerque establish a specific plan of action with time frames to ensure aggressive pursuit of ways to further reduce natural gas costs and get maximum benefit from ownership of the Los Alamos pipeline. (IG-0322)

Fraud in a Weatherization Grant Contract Led to Fines

An investigation conducted jointly with the Federal Bureau of Investigation determined that the owner of a construction company had requested payment for home insulation that had not been installed. Further, a representative of a housing developer had abetted the owner's scheme by making and delivering official documents relating to the installation of the insulation which she knew to be false. The owner was sentenced to serve 36 months probation and to pay a fine of \$2,000, while the housing developer was fined \$3,000. (I89KC010)

Failure to Take Action After Contractor Bankruptcy Cost the Department Opportunities to Recoup Funds

Investigators found that the Morgantown Energy Technology Center had been notified that the parent company of a contractor with which the Center had a cooperative agreement had filed for Chapter 11 bankruptcy in June 1987. After the notification, the Center took no action to audit the cooperative agreement to see if the Department had a claim against the contractor. A subsequent audit of the cooperative agreement identified about \$6 million in questioned and unresolved costs, and also found that the contractor had exceeded the 50 percent cost-sharing agreement by over \$46,000. Additionally, the Center had allowed the contractor to make five drawdowns totalling \$652,000 against the cooperative agreement's Letter of Credit. The Center had accepted the drawdown certifications at face value, with no

supporting documentation being provided or requested. Because the Center had not filed the appropriate claim with the bankruptcy court by the claim filing deadline, the Department had no recourse against the contractor to recover any of these costs. The investigative report recommended that the Center consider performing regular monitoring of Letters of Credit or other advance payment systems to ensure that contractor or grantee claims are adequately supported and that they do not exceed their cost share. The report also recommended that the Center consider reviewing the adequacy of its procedures for protecting the Government's interests when an awardee is known to be experiencing financial difficulty. (I90PR016)

Falsified Bid Information Led to Contractor's Voluntary 5-Year Exclusion

An investigation determined that an electric company's bid on a Department project falsely identified a subcontractor (who was subsequently found not to have any knowledge of its selection) as a subcontractor to the electrical company for the project. The fraudulent bid issue was further substantiated by documents found in the electrical company's files. The electrical company agreed before a United States magistrate not to bid on Department contracts for 5 years, and the cognizant Department operations office placed the company on the Department's Consolidated List of Debarred, Suspended, Ineligible and Voluntarily Excluded Awardees for 5 years, as of December 1, 1990. (I88SF005)

False Claims Settlement Apportions \$995,000 to the Department

Investigations assisted the Department of Justice locating and interviewing witnesses who had knowledge of a company's fraudulent claims submitted to the Department of Energy for work at the Naval Petroleum Reserve #3 project in Casper, Wyoming. Investigators located and interviewed former and current employees of the company, and subsequently a \$1.6 million settlement between the defendants and the Government was achieved. Of the \$1.6 million, \$995,000 was apportioned to the Department of Energy. (I90DN016)

Contract Administration of the Advanced Light-Water Reactor Program

Auditors found numerous instances where contractors were reimbursed for unallowable costs, and one instance of unreasonable cost reimbursement, for a total of \$28,334. The auditors recommended timely submission of indirect rates by

contractors, incurred-cost audits by the Defense Contract Audit Agency, and refunds from the contractors of unallowable costs identified during the audit. (CR-B-93-3)

Management Controls Over Excess Personal Property at Rocky Flats

Inspectors determined that immediate management attention was needed to properly control, store, and dispose of excess personal property at Rocky Flats because the current system of operation did not allow for efficient, timely, and cost effective management. The contractor's property management system had not been approved by the Department, a wall-to-wall inventory had not been completed, and a Department in-depth personal property review had not been performed. The inspection report recommended several actions which would correct the noted deficiencies and prevent their recurrence. (IG-0329)

Property Retention Management at the Richland Operations Office

Auditors found that a December 1992 property inventory showed items in storage since late 1970s and early 1980s, and that property custodians were retaining property with no justification and were not always responding to Property Management's requests for justification. Custodians' decisions to retain property were rarely questioned. The audit report made recommendations because Richland and its contractors were continuing to implement recommendations made in previous audits to correct the deficiencies. (WR-LC-93-3)

Mound Plant Reduction In Force

Auditors found that the contractor's implementation of a reduction-in-force unreasonably increased costs. The total costs of the plan exceeded the Department's contract with the contractor and union agreement provisions by over \$31.5 million. Early retirement incentives exceeded the Department Acquisition Regulation allowability provisions by over \$840,000. The contractor also spent \$512,000 to rehire, either directly or through subcontractors, retired or separated employees who were considered to be critical to the Plant's mission. The audit report recommended that the Department develop and implement guidelines to impose limitations on voluntary separation allowances, early retirement incentive payments, and inclusion of critical employee classifications in voluntary reductions in force. (IG-0328)

Contractor Evaluation Process Had an Appearance of a Conflict of Interest

Investigators found that a Department official responsible for evaluating contractor proposals had met several times with representatives of one of the competing companies as part of his official duties to provide them with technical advice. However, the Department official had also allowed the president of the company to use his home address to incorporate the company in the State of Maryland. The official did not inform his supervisor or his Ethics Counselor of his actions. The investigative report recommended that Department management ensure that the official was made aware of the need to avoid any appearance of losing independence or impartiality in the execution of his official duties. (I92HQ023)

Los Alamos Computer Equipment Maintenance Function

Los Alamos National Laboratory was not acquiring computer maintenance in the most efficient, effective, and economical manner. Not only was retired equipment still covered by maintenance contracts, Los Alamos' in-house repair facility often charged laboratory groups for repairs that should have been repaired under an existing warranty. The audit report recommended that Department management review maintenance contracts annually to ensure that the contracts are cost effective as well as consistent with good business practices and mission needs. (WR-B-93-2)

Morgantown Energy Technology Center Indirect Cost Rate Proposal Submission

The Morgantown Energy Technology Center did not ensure that contractors submitted their indirect cost rate proposals within 90 days of the close of their fiscal year. Of 67 indirect cost rate proposals which should have been received from the contractors at the time of the audit, only 16 had been received on time. The auditors also found that the Center did not have written procedures for reviewing contractor invoices to ensure that costs claimed and reimbursed represented only allowable costs. The audit report made recommendations to improve Morgantown's management controls related to indirect cost rates. (CR-B-93-4)

Pittsburgh Energy Technology Center Indirect Rate Submissions and Invoice Review Procedures

The auditors found that contractors were often delinquent in submitting indirect rate proposals to the Center, and that the

Center did not always follow up to correct this situation. The auditors also identified about \$11,000 in unapproved or unallowable costs which were paid to contractors. Invoice reviews during the payment process were not adequate to detect these costs. The audit report recommended that Pittsburgh develop management controls to correct the delinquency problem and to ensure invoice reviews are adequate to detect unapproved or unallowable costs. (CR-B-93-5)

Contractors Had Less Than Adequate Subcontract Award and Administration Systems

The contractors' systems did not provide for (1) fair and effective competition, (2) adequate cost and price analyses, (3) timely negotiations, (4) payments to subcontractors for only reasonable and allowable costs, and (5) timely closure of completed contracts. Therefore, the Department paid excessive prices for goods and services and committed more funds than needed for subcontract costs. The audit report made several recommendations that should enhance management controls over the contractors' subcontract award and administration systems. (IG-0330)

Subcontract Closures at the Savannah River Site

Auditors determined that the management and operating contractor was unable to close its subcontracts in a timely fashion because it did not request final cost incurred audits in a timely manner. As a result, subcontractors may be holding funds that the Department could use for other purposes. The audit report recommended that the Department direct the contractor to exercise retention of subcontractor funds to ensure timely final invoice submissions and request final cost incurred audits in a timely manner. (ER-B-93-03)

Former Contractor Did Not Fully Comply with Contract Terms and Departmental Subcontracting Requirements

The former contractor did not award and administer subcontracts in accordance with provisions of the Department of Energy Acquisition Regulation and contract terms. As a result, the contractor paid excessive prices for subcontractors' goods and services and committed more funds than necessary to its subcontractors. The auditors identified excessive subcontract costs of \$3.6 million and excessive subcontract commitments of \$176,000. The audit report made recommendations to management which will improve management controls over subcontracting. (ER-B-93-04)

Contractor Did Not Always Follow Its Contract Regarding Subcontract Administration

Auditors found that the contract needed to improve its administration practices in the areas of acquisition of goods and services, acquisition of equipment through subcontractors, verification of subcontractor invoices, and subcontract modifications. Also, the Department did not effectively manage the contractor's procurement system to detect uneconomical and inefficient practices and take corrective actions. The audit report recommended that management direct the contractor to follow its procurement procedures to prevent the problems which were identified during the audit. (WR-B-93-4)

Improvement Needed in Procurement and Subcontract Administration

Auditors found that a contractor had not always used procurement methods that maximized benefits to the Government, nor had it always selected the most cost-effective procurement option to procure equipment when lease-purchase determinations were required. Further, the contractor had not limited payments to subcontractors for work performed within effective contract periods, reviewed invoices adequately to ensure that subcontractors were not billing unallowable costs, or closed physically completed subcontracts in a timely manner. The audit report provided several recommendations that, when implemented, will correct the deficiencies noted by the auditors. (ER-B-93-05)

Argonne Subcontracting Awards and Administration

Argonne's management systems did not ensure that (1) fair and effective competition was used when practicable, (2) only authorized personnel purchased goods and services, (3) price negotiations were based on adequate proposal analyses, and (4) closures of completed subcontracts were timely. The audit report recommended several corrective actions that, when implemented, would correct current deficiencies and help to prevent similar ones in the future. (ER-B-93-06)

Weatherization Grant Needed Closer Monitoring

As a result of an investigation into allegations of wrongdoing involving the purchase of windows, the Office of Inspector General recommended that management closely monitor purchases by community action agencies that receive Department funding to ensure that procurement procedures comply with grant, Federal and state requirements. Management should also ensure that procured materials meet Federal and state requirements. Additionally,

management should consider analyzing in this particular case the purchases of mismeasured or unused windows which were subsequently sold as salvage. (I91CH008)

Management Controls for Contractor Executive Compensation

Inspectors found that additional management controls for monitoring contractors' executive employees' compensation were needed to ensure that compensation is reasonable and paid only after being approved by Department officials. The Department needed to establish a Department-wide policy regarding incentive compensation programs to ensure that these programs are administered in a cost effective manner. Further, additional training and guidance is needed to facilitate certification of the Department's contractor compensation systems. (IG-0332)

Federally Funded R&D Center Designations of Laboratories

Inspectors determined, among other findings, that the Department uses but does not need the Federally Funded Research and Development Center designation to noncompetitively extend certain management and operating contracts. The inspection report recommended that Department officials document their decisions to continue the Federally Funded R&D Center designation of their laboratories. (IG-0334)

Contractor Retiree Health Benefit Costs

An audit disclosed that, contrary to the contractor's employee health benefits plan and the Department's contract, retirees paid only a portion of their health benefits costs. The remainder was paid by the Department. There remains no contractual agreement for the Department to pay for the contractor's retiree health benefits. (WR-B-93-5)

Supervisor Hired Former Subordinate for Personal Services Contract

A supervisor working for a Department prime contractor hired a former subordinate under a personal services contract to perform essentially the same tasks the subordinate had performed while working for the supervisor. Although no Federal statutes had been violated, the investigative report recommended that Department management ensure that the prime contractor establishes policies and procedures regarding personal services subcontracts, employee conflict of interest statements, post employment restrictions, and maintenance of proper management. (I92CN004)

Government Funds Use to Build Basketball Courts

Investigators determined that a project to pave a parking area was modified by a prime contractor to include the creation of a basketball court at a cost of over \$6,000, and a subcontractor purchased two basketball backboards for the court at a cost of \$8,000. At least two other basketball courts had been constructed at the same site. The investigative report recommended that the Department ensure that it was reimbursed for the inappropriate expenditures. (I93RL007)

False Claims Made by a Utah-Based Contractor

A joint investigation with the Federal Bureau of Investigation, the Internal Revenue Service, and the Defense Criminal Investigative Service substantiated instances of labor mischarging and misappropriation of equipment by a contractor on Department of Energy contracts. In a civil settlement, the contractor agreed to repay over \$300,000 in unallowable costs to the Government and pay a \$60,000 penalty. (I88IF001)

Corrective Actions Needed for Contractor Billing Deficiencies

A contractor manager at a Department site was alleged to have mischarged labor hours and directed subordinates to do the same. The contractor itself was alleged to have misapplied overhead rates, improperly billed the Department for offsite employees, exposed employees to safety and health hazards, and failed to meet the requirements of the National Historic Preservation Act of 1966. The investigative report recommended a series of actions which would help Department management correct noted discrepancies and prevent potential improprieties in the future. (I93RL005)

OIG FY 1993 Work Continuing into FY 1994

Three reviews of the administration of the Small Disadvantaged Business Program at selected sites to determine whether DOE's program is managed in accordance with established regulations. (A93N0016, A92OR075, A93SR041)

A review of the Department's Cognizant Federal Agency responsibilities to determine whether the Department meets the applicable contract administration requirements of the FAR and DEAR. (A93PT028)

A review of the use of Government supply sources by selected M&O contractors to determine whether M&O contractors used Government supply sources when these sources were available, economically advantageous, or otherwise in the Government's best interest. (A93CN014, A93OR026, A93PR038, A93SR047)

A review of M&O contractor microcomputer acquisitions/upgrades planned for FY 1992 and FY 1993 at the Hanford Site in Richland to determine whether the purchases of new personal computers, related software and upgrades were necessary, and if there were less costly alternatives to increase existing personal computer capabilities. (A93RL056)

A review of M&O contractor management controls and practices over construction activities to determine whether the award fee paid to Kaiser Engineers Hanford Company was excessive based on Kaiser's performance relative to health, safety, and environmental factors. (A93RL052)

A review of contract management functions at non-management and operating prime contractors where DOE is the cognizant Federal agency to determine whether the Department is ensuring that all applicable contract management functions are being accomplished. (A93PT028)

An assessment of the effectiveness of DOE policies and procedures in controlling potential organizational conflicts of interest for intra-company procurements by a DOE Savannah River Field Office management and operating contractor. (S90IS010)

A review of the Department's basis for exempting its management and operating contractors from the Federal Standard Procurement Regulations. (S90IS027)

A review of DOE's procedures to hold architect and engineering firms liable for design errors and omissions. Funds involved are construction and design costs for FY 1991 totalling \$2.4 billion. Design costs could be as high as 20 percent, or about \$480 million. (S92IS001)

A followup on the recommendations made in the San Francisco general management inspection report concerning the Department's liability for post-retirement health benefits at Lawrence Livermore National Laboratory and Lawrence Berkeley Laboratory. (S92IS012)

A review of Idaho's Cost Reduction Incentive Program (CRIP) and Quality Productivity Incentive Program (QPIP). (S92IS014)

An evaluation of Western Area Power Administration's purchase power contracting procedures and the manner in which the Administration determines that these contracts represent the best price for its customers. (S92IS021)

An evaluation of selected Department of Energy Albuquerque Operations Office contract administration processes relating to Rockwell International Corporation's Contract No. DP03533. (S93IS005)

A review of whether the subcontract between Westinghouse Savannah River Company and Becthel Savannah River, Inc., is being effectively administered by both Westinghouse and DOE and to determine if current award fee plan is in the best interest of DOE. (S93IS011)

An evaluation of the current status of personal property storage and disposal at Sandia National Laboratories, Albuquerque, and the economy and efficiency of current storage and disposal practices. (S93IS012)

A review of whether the procurement practices at Los Alamos National Laboratory adequately protected the Government's interests. (S93IS037)

A review of Continuous Electron Beam Accelerator Facility contract administration and issues regarding possible noncompliance with DOE orders by Southeastern Universities Research Association and the actions by the contracting officer to obtain compliance. (S93IS059)

A followup of the DOE Nevada Operations Office general management inspection, as requested by the former Secretary of Energy. (S93IS051)

A review of whether the Department of Energy Acquisition Regulation language is clear that the Federal Acquisition Regulation applies to Management and operating contracts. (S93IS066)

A review of the process used to select subcontractors for Brookhaven National Laboratory. (S93IS068)

A review of the process followed by DOE for disposal of an ethanol plant in New Iberia, Louisiana. (S93IS069)

A review of the Department's procurement process for parametric modeling software. (S93IS041)

A review of issues concerning alleged misuse of grant funds on the Los Alamos National Laboratory National Stable Isotope Resource and lack of accountability for Carbon 13. (S93IS017)

A review of issues regarding quality assurance and receipt inspection activities at the Hanford site for items purchased off-site. (S93IS021)

A review of issues regarding adequacy of the Department's process for reviewing unsolicited proposals. (S93IS023)

A review of an issue regarding timeliness of decisions by DOE on grant proposals submitted to the Inventions and Innovation Division. (S93IS025)

A review of issues regarding alleged nonpayment of merit raises to EG&G employees at Idaho National Engineering Laboratory. (S93IS046)

A review of the possible development of software by the Western Area Power Administration's Loveland, Colorado, office that duplicates software that exists at the Administration's Montrose, Colorado, office. (S93IS062)

A review of issues regarding procurement of two air cleaning units with filters at Hanford. (S93IS061)

A review of issues related to alleged travel abuses by EG&G employees of the Idaho National Engineering Laboratory in support of work in Virginia for the Army. (S93IS077)

OIG Work Planned for FY 1994

An audit of subcontract administration at the Idaho National Engineering Laboratory to determine whether subcontract oversight and administration are adequate. (A94IF016)

An audit of supply sources at the Albuquerque Operations Office to determine whether the Department (i) uses the Multiple Award Schedule Program to obtain the lowest overall costs for commonly used commercial goods and services, and (ii) has adequate controls in place to prevent the award of classified contracts to firms that are foreign-owned or controlled. (A94AL006)

An audit to determine if the fees paid to M&O contractors are monitored, evaluated and controlled. (A94CG005)

A review of Headquarter's contracting procedures to ensure compliance with OMB Circular A-76 requirements that cost comparisons are made showing the activity can be done less expensively by a contractor than by the Department. (A94CG007)

An inspection of excess personal property at Los Alamos National Laboratory to evaluate the current status of personal property storage and disposal, and the economy and efficiency of current storage and disposal practices. (S94ISXXX)

A general management inspection of a DOE operations office to review its responsibilities, authorities, missions and functions, organization and resources. (S94ISXXX)

An inspection of unpaid vouchers for legal services at Rocky Flats to determine whether DOE has considered all appropriate information before deciding whether to reimburse the contractor for legal-related costs associated with the Rocky Flats Grand Jury investigation. (S94ISXXX)

An inspection of Device Assembly Facility construction and material substitution at the DOE Nevada Test Site to determine whether material substitution and deficiencies in Device Assembly Facility systems exist, as alleged, and whether other similar problems may also exist. (S94ISXXX)

An inspection to review contract administration at Los Alamos National Laboratory to determine if the award of the 5-year option to a contractor was managed in accordance with established local procurement practices and DOE requirements. (S94ISXXX)

An inspection to assess the role of contractor "self-assessments" in determining the contractor's award fee granted by the Department's Albuquerque Operations Office. (S94ISXXX)

An inspection of Savannah River Site property disposal to evaluate the current status of excess personal property storage and disposal at Savannah River and the economy and efficiency of current storage and disposal practices. (S94ISXXX)

An inspection to review the administration of selected management and operating contractor's procurements from affiliated entities. (S94ISXXX)

An inspection to review the objectives, procedures and controls over Westinghouse's Cost Reduction Incentive Program. (S94ISXXX)

An inspection to review the Department's and University of California's policy regarding contractor's worker's compensation costs, and to review the Department's controls over worker's compensation costs using University of California at San Francisco to verify that controls are being implemented. (S94ISXXX)

An inspection to review the executive compensation review and approval procedures at TRW. (S94ISXXX)

An inspection to determine Savannah River Operations Office management's compliance with laws and regulations for Federal Equal Employment Opportunity settlements, and to determine Savannah River Operations Office and Westinghouse Savannah River Company management's compliance with laws and regulations for contractor EEO settlements. (S94ISXXX)

PROGRAM MANAGEMENT

This key issue area includes the development, implementation, administration and operation of programs mandated by statute or regulation. These programs include those relating to intelligence activities, security, equal employment opportunity, small and disadvantaged business utilization, Federal Energy Regulatory Commission operations, Energy Information Administration operations, Economic Regulatory Administration operations, Naval Reactors, Naval Petroleum and Oil Shale Reserves, Strategic Petroleum Reserve, Power Marketing Administrations, the Superconducting Super Collider, and Defense Programs.

OIG FY 1993 COMPLETED WORK IN THIS AREA

The Atomic Vapor Laser Isotope Separation System

Auditors found that reduced funding for this program, accompanied by increases in the world's enriched uranium supply and decreases in demand, has not caused the Department to revise its 1990 milestone plan or to reassess the overall need for the program's technology. Continuing work on the program without such a reevaluation could result in unnecessary expenditures of up to \$550 million. The auditors recommended updating the needs assessment of the program and, based on the results, either fully support deployment of the technology or cancel the program entirely. (IG-0316)

Technology Transfer Program at Martin Marietta Energy Systems

An audit disclosed that the contractor needed to improve management controls in (1) official records on licensing agreements, (2) royalty income, and (3) periodic reporting to senior company and Department officials on program activities and accomplishments. The auditors recommended that the contractor develop or update policies and procedures for functional areas within the technology transfer program. Also, the company should ensure that the official licensing files are updated and accurate, and prepare monthly status reports on licensing activities. (ER-BC-93-01)

Boeing Petroleum Services, Inc., Use of Overtime at the Strategic Petroleum Reserve

Auditors found that Boeing had established procedures to minimize overtime use, but the company did not enforce them. Boeing did

not (1) provide timely and adequate written overtime justifications, (2) prepare adequate work schedules, (3) properly implement two work shifts, and (4) adhere to the Department's overtime budget constraints. The audit report recommended that the Department's Project Office improve administration of the Boeing contract to ensure that overtime costs are minimized. (ER-B-93-01)

Theft of Copper Forgings Led to Discovery of Physical Security Weaknesses

Investigators determined that a laborer working for an onsite Los Alamos National Laboratory contractor had sold two copper forgings, each weighing about 1600 pounds, to a local scrap metal company for about \$3,000. The laborer had also sold materials to the scrap metal dealer on 12 separate occasions during a 6-month period. The investigators reviewed Laboratory Incident Reports of missing or stolen items and discovered that a significant number of items had been taken from security areas, and that Government vehicles were probably used to transport them. In some instances, missing items were not reported for 3 years. The investigative report recommended that the Albuquerque Operations Office conduct reviews of the Laboratory's current security policies and procedures for the prevention of theft of property from secure areas and for timely reporting of missing or stolen items. (I90AL016)

Lax Source Evaluation Board Security Results in the Loss of Proposals

Investigators determined that Board members had conducted their review at a local hotel. After the members left one afternoon, hotel employees entered the room where the review was being held and moved source evaluation material to another location. When Board members returned on the following morning, they discovered that a proposal was missing. On another occasion, the Board members went to lunch without locking the door to the room. When they returned, they found that another proposal had disappeared. The investigative report made recommendations which would afford adequate levels of security to source evaluation documents. (I91AL010)

Double Billing Resulted from Weak Administrative Procedures

Investigation determined that a task order had been inappropriately transferred by a Department contractor from one subcontractor to another. The company's project manager did not notify cognizant company officials or the Department that the losing subcontractor was still billing for work on the

transferred task and would continue to do so until it received a new task order. The investigative report recommended that the company reimburse the Government over \$165,000 for certifying as accurate invoices submitted by the losing subcontractor.

(I910R001)

Audit of the Ebasco Contract at FERC

Auditors found that, in response to Ebasco's statement of difficulties it was claiming to have in meeting contract requirements, the Federal Energy Regulatory Commission issued a modification to its contract with the company. The modification unnecessarily changed the type of contract, eliminated the specified number of hours, increased the fee amount paid to the contractor, and increased the limits on indirect costs. As a result, the Government paid an additional \$736,317 for the same scope of work that was required by the original contract. The auditors made recommendations designed to prevent a recurrence of this situation, including a recommendation that the Commission require all future contract modifications to be adequately justified and documented. (CR-B-93-2)

Review of DOE's Personnel Security Clearance Program

The audit disclosed that the Department continued to grant security clearances to individuals who did not specifically require access to classified material. Additionally, overall processing times were too long for initial clearance requests and reinvestigations. The auditors recommended that Department program and operations offices adopt clearance reduction strategies which would provide incentives to reduce clearances and provide management with a standard against which to measure performance. (IG-0323)

Policies and Procedures for Personnel Security and Security Incidents

Inspectors found that additional guidance was needed regarding Department policies and procedures for handling security incidents to ensure that the incidents are thoroughly investigated and appropriately reported. Department personnel security guidelines were needed for the handling and processing of derogatory information of possible personnel security interest, as well as for the use of innuendo or incomplete information in clearance cases. The inspection report made several recommendations to improve management control systems in the personnel security area. (S911IS010)

FERC Internal Control Deficiencies

Auditors found that FERC did not maintain adequate accounting records during 1992 and preceding years. The audit report made several recommendations that could correct the noted deficiencies and FERC has already begun corrective actions. (CR-FC-93-02)

Superconducting Super Collider

Auditors found that management controls were not adequate to ensure that an appropriate portion of contract awards was made to small and small disadvantaged businesses. The audit report made several recommendations to ensure accurate reporting and improve management oversight of the Small Business Program, and to ensure that small and small disadvantaged businesses have the maximum practicable opportunity to participate in Superconducting Super Collider contracting. (IG-0324)

Internal Controls for Classified Mainframe Computer Systems

An audit disclosed that a contractor's employees were granted unnecessary or excessive access privileges, that computer operations responsibilities were not appropriately separated, and that certain software computer controls were not effectively implemented. Among other improvements, the audit report recommended that the cognizant operations office direct the contractor to improve procedures for revalidating the need for user accounts on classified systems. Also, computer security-related functions performed by systems programmers should be reassigned to computer system security officers. (ER-BC-93-02)

FERC's Information Resources Activities

Auditors found that the Federal Energy Regulatory Commission did not have appropriate policies, procedures, or organizational structures in place to ensure that contracts for information resources were properly competed, issued, and administered. Auditors also found computer security control weaknesses. The audit report identified various corrective actions for improving the Commission's management of its information resources, contract administration, and computer security program. (AP-BC-93-01)

BPA's Worker's Compensation Program

Auditors found that the Bonneville Power Administration paid compensation to claimants who were capable of working and to individuals with invalid or inaccurate claims. The audit report

recommended that BPA establish policies and implement procedures to ensure that injured workers are placed into appropriate modified positions and that billings from the Department of Labor are valid and accurate. (WR-B-93-3)

Double Funding of Plutonium Finishing Plant

Operational responsibility of the Plutonium Finishing Plant in Richland, Washington, was transferred from one Department program office to another. However, each program office assumed that it was responsible for secure storage and included \$30 million in its budget for the security of special nuclear material at the site. Inspectors brought the double funding to the attention of the Department's Chief Financial Officer, who took control of the extra \$30 million. (INS-L-93-03)

Department's Export Licensing Process

Inspectors identified some problems regarding management systems associated with the export license review process, and they made 11 recommendations to management which would eliminate the noted discrepancies. (IG-0331)

Government Ammunition Accountability

An audit disclosed that a contractor responsible for property at the Central Training Academy could not account for between 312,000 and 393,750 rounds of ammunition issued for use in training courses held during Fiscal Years 1990 through 1992. Among other recommendations, the audit report recommended that the cognizant operations office review the contractor's property management system. (WR-B-93-6)

ITER Needed Better Front-End Controls

Auditors found that the International Thermonuclear Experimental Reactor (ITER) needed additional front-end controls addressing cost estimates, cost and schedule oversight of participating institutions, and a comprehensive management plan. Also, the project had not been designated as a major system acquisition and no alternate means of accountability had been provided. The audit report recommended several actions which, when completed, would correct the noted deficiencies. (IG-0333)

False Claims Under an Oil Refund Program

Investigators determined that an oil wholesaler had submitted 23 claims worth about \$93,000 under a current oil refund program and 31 claims under an earlier one. None of the 23 claims on the

current program had been paid, but the wholesaler had received about \$11,000 for 8 of 31 claims filed under the earlier program. In August 1993, the wholesaler pled guilty to one count of mail fraud and is awaiting sentencing. (I91CH010)

Light Vehicle Fleet Management at Idaho National Engineering Lab

A audit determined that, by using alternative fleet operating methods, the Laboratory could potentially save at least \$636,000 annually and reduce the need for a new \$14 million transportation complex. In addition, at least \$900,000 could be saved through more efficient management of vehicle use and maintenance. (WR-B-93-7)

Office of Hearings and Appeals Identified a False Refund Claim

The owner of a gasoline station received a \$4,503 refund based on a claim submitted to the Office of Hearings and Appeals. Subsequently, the former owner of the gasoline station submitted a claim for the same fuel purchases. It was determined that the former owner had been entitled to the refund, not the current owner who has falsified information on his claim form. The station owner entered into an agreement with the U.S. Attorney's Office to repay the \$4,503 refund, pay \$1,600 for investigative costs, and serve 100 hours of community service. (I92LL013)

OIG FY 1993 Work Continuing into FY 1994

An audit at Sandia National Laboratory to determine whether policies and procedures in place are adequate for verification of funds-in-kind contributions from industrial technology transfer research partners. (A93AL012)

An audit of BPA's Residential Conservation Program to determine if (1) adequate controls are in place to safeguard inventory against waste, loss, and unauthorized use; (2) controls over the voucher system are sufficient to safeguard against inaccurate and inappropriate expenditures; and (3) the quality assurance process and procedures are sufficient to ensure that BPA's resources are efficiently utilized and that program goals are met. (A93PL086)

An audit to determine if BPA is effectively and efficiently managing its Fish Recovery Program. (A93PL085)

An audit of Protective Forces in the Post Cold War Environment to determine if improved operational efficiency and reduced protective forces costs could be obtained by adjusting the threat

assessment to consider site specific conditions, eliminating payments to security guards for time used to exercise, limiting overtime, and standardizing supplies and equipment. The report recommendations should result in significant annual savings. (A92CG041)

An audit to determine whether Hanford Patrol Operations are required to support the current mission of the Hanford Nuclear Site. Under the sites previous mission of producing and processing plutonium, Hanford Patrol had the responsibility for safeguarding and securing the site. However, Hanford's current mission is waste management and environmental restoration, and the Patrol Operation may not support this mission. (A93RL053)

An audit of Superconducting Super Collider Laboratory controls over subcontracting expenditures. (A93CG035)

Two Departmentwide audits include Superconducting Super Collider activities. One audit is a review of the contractor's cost and schedule control system. The other audit will cover energy conservation in new buildings. Neither audit is expected to result in a separate report to Superconducting Super Collider. (A93CR031, A93SR048)

An audit to determine if Nevada Test Site inventories are being managed in accordance with Property Management Regulations is currently in process and will continue in FY 1994. (A93LV042)

An audit of Strategic Petroleum Reserve stores inventory to determine whether the contractor manages and controls stores inventory consistent with the demands for the repair and maintenance of equipment while controlling costs will carry over to FY 1994. (A93NO019)

A review of DOE's technology transfer program process and procedures, funding, possible duplication of activities by other DOE elements and compliance by the Cooperative Research and Development Agreement process with existing statutes and regulations. (S91IS019)

A general management inspection of DOE's former Office of New Production Reactors Office to review the Office's resources and allocation of its resources. (S92IS005)

A review of the Los Alamos National Laboratory's implementation of physical security program policies and procedures applicable to the TA-18 Site. (S92IS018)

A review of the systems used by Bonneville Power Administration to grant administrative leave and conduct surveillance operations. (S92IS020)

A survey to review the Department's telecommunications procurement policy and procedures. (S93IS761)

A review of the intelligence activities conducted at the Special Technologies Laboratory to determine compliance with restrictions set forth in applicable laws, Executive orders, Presidential directives, and DOE orders. (S93IS070)

An inspection to determine DOE's requirements for intelligence on selected organizations. (S92IS016)

A review of issues regarding requirement for the Savannah River Operations Office's Security Helicopter Program conducted by Wackenhut Services, Inc. (S93IS034)

A review of an allegation of questionable expenses associated with the Forum on Security Inspection Concepts. (S93IS039)

A review of issues regarding an alleged improper personal relationship between a senior DOE Manager and a senior Contractor Official. (S93IS072)

A review of issues related to potential conflict of interest by a Richland Operations Office Contractor in awarding an Architect/Engineering contract. (S93IS076)

OIG Work Planned for FY 1994

About 3 staff years of effort are planned for operational audits of the Power Marketing Administrations, and an additional 7 years of effort will be expended on financial statement audits required by the CFO Act, other financial and financial-related audits, and on reviewing the FMFIA reports prepared by each of the five PMAs.

A review of BPA's Energy Resource Programs will be started. In a memorandum from OMB to the Department's Assistant Secretary for Conservation and Renewable Energy, OMB stated that BPA's energy resource programs were inconsistent with the National Energy Strategy because they increased the demand for electricity and new generating capacity, unnecessarily increased costs for BPA's ratepayers and the region's economy, and may produce unnecessary environmental impacts. The purpose of this audit will be to substantiate or refute OMB's claims. (A94PL030)

A Departmentwide audit of security officer training to determine if training provided to DOE security officers is justified and is being accomplished in the most efficient and economical manner. (A94CG004)

An audit to determine if the Department's transportation of nuclear materials and stockpile can be accomplished more economically or efficiently. Particularly, the audit will determine if the level of operations of the Transportation Safeguards Division is appropriate given the changed nature of the Department's nuclear weapons complex. (A94AL004)

An evaluation of the Department's controls and accountability over nuclear material. We will also seek to determine if inventory requirements can be reduced. (A94CR008)

An audit to evaluate security costs at the Strategic Petroleum Reserve and to determine whether DOE and the contractor have minimized security costs based on assessments of new, reduced, security requirements. (A94NO006)

An audit of Strategic Petroleum Reserve internal controls subsequent to the contractor transition on April 1, 1993. (A94NO028)

An audit of maintenance activities at the Strategic Petroleum Reserve. The purpose of this audit is to determine whether maintenance at various Strategic Petroleum Reserve sites is planned, scheduled, and performed in a manner which promotes operational safety, property preservation, and cost effectiveness. (A94NO005)

During FY 1994, we plan to spend about 3.5 staff years on audits of the Superconducting Super Collider, including an analysis of the internal controls used to determine the reasonableness of salaries and fringe benefits at the Superconducting Super Collider laboratory, and several required financial and Federal Managers' Financial Integrity Act audits. (A93CR017)

An audit of weapons dismantlement to determine the economy and efficiency of such matters as employee training and certification, work shift staffing, and parts inventories. (A94AL001)

A survey of Defense Programs' management of nuclear materials. (A94CR008)

An inspection to determine why the Albuquerque Operations Office has not developed a method of recovering up-front research and development costs through the patent application process for the multiplicity of programs that are and have been developed at the National Laboratories. (S94ISXXX)

An inspection to review the intelligence activities conducted at Oak Ridge Operations Office to determine compliance with restrictions set forth in applicable laws, Executive orders, Presidential directives, and DOE orders. (S94ISXXX)

An inspection to determine the status of Technical Surveillance Equipment that was to be transferred to the Central Training Academy in late August, 1991. (S94ISXXX)

An inspection to review the strategic plan for Savannah River Technology Center in view of the changing mission of Savannah River. Also, review DOE Operations Office controls over planning and management of specific research projects. (S94ISXXX)

An inspection to determine whether private sector partners are providing contributions required by the Cooperative Research and Development Agreement. (S94ISXXX)

An inspection to determine how the DOE San Francisco Operations Office administers and oversees contractor litigation and settlements of this type. (S94ISXXX)

An inspection to review an allegation that the Department was procuring telecommunications lines that were not needed. (S94ISXXX)

ENVIRONMENT, SAFETY & HEALTH

The Department's activities have generated considerable radioactive and hazardous wastes. As the previous Secretary stated in his FY 1992 Federal Managers' Financial Integrity Act letter to the President, dated December 22, 1992, "there are significant environmental compliance and waste management problems at the Department's facilities. Many of these problems are the result of activities conducted in a different atmosphere and under less stringent standards than today's." This key issue area includes all DOE activities related to the cleanup, storage, and disposal of radioactive and hazardous waste, including all work involving the civilian and defense radioactive waste repositories.

OIG FY 1993 COMPLETED WORK IN THIS AREA

Contractor Quality Assurance Supervisor's Actions Alert the Department to Potential Radiation Exposure

An investigation determined that the general manager of a defense contractor directed a quality assurance supervisor to ship a doorlocking assembly without giving it a required quality assurance inspection. The assembly was to be used in a radioactive environment. The supervisor annotated the packing list to indicate that the assembly had not received a final inspection, thus alerting the receiver to the discrepancy. The defense contractor never requested \$7,600 in payment for the doorlocking assembly, and shortly thereafter declared bankruptcy. The investigation report recommended that the Department consider whether a review should be undertaken to ensure all potential safety issues regarding this procurement have been resolved. (I92IF010)

Asbestos Disposal Violates Regulations

An investigation determined that a roofing subcontractor had delivered three loads of properly bagged and tagged asbestos to another Department construction contractor which had then placed the bags in unmarked barrels. The construction contractor had then transported the unmarked barrels to a Department landfill for disposal. The landfill management did not have proper internal controls requiring asbestos containers to be marked and inspected, nor were records maintained to verify disposal of the asbestos. The investigation report recommended corrective action regarding internal controls over asbestos management and disposal. (I900R039)

Insulation Used in a Weatherization Program Does Not Meet Fire Retardant Standards

Investigators found that a contractor had knowingly sold cellulose insulation to Department weatherization grantees which did not meet Underwriters Laboratories fire retardant standards, but which were falsely labeled to show Underwriters Laboratories approval. The contractor's manager pled guilty to one count of making false statements and was sentenced to 12 months incarceration, ordered to make restitution of \$181,000, and fined \$3,000. The contractor was fined \$125,000. (I91CH003)

Several Hanford Tank Waste Projects Needed To Be Integrated

An audit examined the reasons for cost estimate increases and schedule delays in the Hanford vitrification program and reported on the outstanding technical, safety, and environmental issues that could make the project even more costly and further delay its completion. To increase visibility of the program cost and schedule, the audit report recommended that all separate projects relating to tank waste be included in a single major system acquisition, and that the Department complete its ongoing baselining effort to the extent practical before making major funding commitments. (IG-0325)

Fernald Remedial Investigation and Feasibility Study Project

An audit found that the Department and its contractors lacked experience in the remedial investigation and feasibility study process and had not communicated effectively with one another and outside regulators. Also, the Department had not placed enough emphasis on management control systems. The audit report made several recommendations which, when implemented, would correct the noted deficiencies and strengthen management controls. (IG-0326)

Health Hazard Linked to Air Filter Testing Compounds

Investigators determined that the Department uses two compounds which may be carcinogenic to test high efficiency particulate air filters used by employees. The investigative report recommended that the Department determine whether employees are actually exposed to the testing compounds. If there is a potential for employee exposure, then the Department should review all testing compounds to select the least carcinogenic and should conduct an epidemiological study to see if past users exhibited health problems. (I92RL014)

Environmental Testing Lab Was Assessed Civil Penalties

An environmental testing laboratory under contract to the Department had falsified tests of soil samples, and two laboratory vice presidents received criminal sentences. In August 1993, the laboratory agreed to pay almost \$2.5 million to the Government in a settlement during civil litigation.
(I89KC003)

OIG FY 1993 Work Continuing into FY 1994

An audit of Waste Management operations at Martin Marietta Energy Systems in Oak Ridge designed to evaluate the methods of characterizing waste when it is generated, waste storage and inventories, and shipping and disposal to determine if DOE is meeting requirements and goals. (A93OR028)

An audit to determine whether the Los Alamos National Laboratory has procured environmental restoration services from subcontractors in the manner most advantageous to the Government. As of April 1993, there were 37 active subcontracts with a total value of \$115.6 million. (A93LA089)

An audit at the Yucca Mountain Site Characterization Project Office to determine if there is duplication or overlapping of effort between the support contractor and the management and operating contractor. (A93LV084)

A review of allegations regarding management of radioactively contaminated sites presently and formerly under management control of Knolls Atomic Power Laboratory (KAPL). (S88IS023)

A review to determine whether DOE officials took appropriate action regarding analysis of environmental samples (pine needles) taken in 1983 and 1984 from the Portsmouth Gaseous Diffusion Plant. (S90IS018)

A review to determine statutory requirements for Resource Conservation and Recovery Act and Comprehensive Environmental Response, Compensation, and Liability Act recordkeeping requirements and review DOE implementing orders and procedures. (S93IS004)

A review to determine whether Westinghouse Savannah River Company is complying with DOE rules and regulations for occurrence reporting and to determine if corrective actions are being monitored until complete. (S93IS010)

A review to determine whether Rocky Flats had systems in place to handle safety and health concerns, and what actions have been taken by DOE to mitigate the cost of guarding Door No. 7 in Building 707. (S93IS031)

A review of Department of Energy procedures for Reliability, Availability & Maintainability Program requirements. (S93IS056)

A survey to determine adequacy of management controls for environmental activities at Idaho Operations Office. (S93IS753)

A review of issues concerning radiation monitoring of security guards at the Continuous Electron Beam Acceleration Facility at Oak Ridge. (S93IS022)

A review of issues regarding alleged cleanup abuses at the Ames Laboratory. (S93IS038)

A review of issues regarding alleged exposure to radiation at the Los Alamos National Laboratory and other concerns. (S93IS052)

A review of issues regarding the need for DOE to continue National Environmental Policy Act functions under the Comprehensive Environmental Response, Compensation, and Liability Act. (S93IS055)

A review of investigative and daily operations reports submitted to the OIG to determine areas of systemic weaknesses and areas for potential inspections. Reports are semiannual. (S93IS079)

A survey to obtain information and documentation concerning the Environment Restoration and Waste Management Program mission, functions, organization, program management activities and waste management and restoration activities. (S93IS755)

OIG Work Planned for FY 1994

An audit of Lawrence Livermore National Laboratory's Environmental Restoration Program to determine if the program has been implemented in a manner that ensures accomplishment of the goals and objectives of the Department's Environmental Protection Program. (A94LL025)

An audit to determine whether the Department's management information system is adequate to meet its environmental compliance information needs. (A93CG042)

An audit of Environmental Restoration at the Idaho National Engineering Laboratory to determine whether the Laboratory has (1) developed effective controls to ensure economy and efficiency; (2) implemented an effective quality assurance program; (3) considered less costly approaches to the remediation process; and (4) met cleanup and waste minimization deadlines. (A94IF015)

A DOE-wide audit to review the Department's National Environmental Policy Act (NEPA) process. The audit will determine whether DOE and its management and operating contractors have established a clear path for NEPA review of proposed actions in a timely manner to achieve DOE's overall mission and various program results. The audit will also determine whether DOE NEPA documentation requirements should apply to actions driven by other regulatory agencies, such as State and local authorities. (A94OR009)

An audit of environmental sampling at Savannah River to determine whether environmental sampling costs, including planned laboratory expansion costs are necessary. (A94SR015)

An audit to determine if computer equipment and software are properly controlled and accounted for by the Yucca Mountain Site Characterization Project Office and associated contractors. Approximately \$6.2 million has been spent on personal computer hardware and software. (A94LV027)

An audit to determine if phased licensing of the proposed Yucca Mountain Nuclear Waste Repository is a viable alternative to the method of applying for a license after all the studies have been completed. (A94CF003)

An audit to determine if the transition of contractors at the Yucca Mountain Site Characterization Project Office was accomplished in an efficient and economical manner. While the new contractor has incurred substantial costs and hired a significant number of personnel, there has been little decrease in costs or the number of personnel associated with the original contractor. (A94LV028)

A review of the PANTEX implementation of nuclear safety and weapons safety criteria at the PANTEX Plant. (S94ISXXX)

A review of contractor employee hotlines to determine if the conditions identified at the Rocky Flats Plant are occurring at

other sites, and whether the health and safety of contractor employees are adversely impacted by inadequate administration of contractor employee complaint programs. (S94ISXXX)

A review to determine whether the asbestos abatement program at Rocky Flats meets existing criteria, and whether workers at Rocky Flats are at risk of exposure because of inadequate facility procedures. (S94ISXXX)

A review of investigative and daily operations reports submitted to the OIG to determine areas of systemic weaknesses and areas for potential inspections. Reports are semiannual. The review will start in March 1994. (S94ISXXX)

An inspection to determine the adequacy of management controls for pre-transport packaging and labeling of hazardous wastes being shipped offsite from DOE installations. (S94ISXXX)

A review of oversight of environmental laboratories operated by the management and operating contractor and applicable subcontractors in support of the Strategic Petroleum Reserve Project. (S94ISXXX)

An evaluation of the system used for tracking safety and health warning signs in contaminated and hazardous areas. (S94ISXXX)

INFRASTRUCTURE

Many of the Department's facilities (particularly in the area of weapons development and production) are old, and their operating availability and efficiency have declined. Modernization of these aging facilities and restoration of sites to make them safe and viable are two of the most important tasks facing the Department. As part of this initiative, the Department is embarking on a long-range program to consolidate and build a smaller, modern and more efficient weapons production complex. In addition to repair and improvement of existing facilities, the Department is in the process of building additional roads, utilities, and mission support structures.

OIG FY 1993 COMPLETED WORK IN THIS AREA

Department of Energy's In-House Energy Management Program

Auditors found that heating, ventilating, and air conditioning equipment was running continuously in unoccupied buildings, required temperature limits were being exceeded, and lights were being left on unnecessarily. Annual savings for cutting back continuously operating equipment was estimated at \$14 million for the six sites visited by the auditors, while potential savings could be significantly higher Departmentwide. The auditors also found that planned returns on \$121.7 million invested retrofitting equipment and systems were not being realized because of long delays in completing projects and non-use of projects after completion. The audit recommended corrective actions to effect proven energy savings opportunities. (IG-0317)

Los Alamos Natural Gas Pipeline Upgrade.

Auditors determined that the Department should explore whether some organization or company would be willing to share the cost of replacing and upgrading an additional 37 miles of pipeline in return for rights to excess pipeline capacity. (WR-L-93-14)

OIG FY 1993 Work Continuing into FY 1994

An audit of the construction of weapons production facilities. The objective of this audit is to determine if weapons activities construction projects are consistent with the Department's long-range planning. (A92CR040)

An audit of the Y-12 Plant mission change plans and impact. The objective is to review the status of the Y-12 Plant mission change from one of nuclear weapons production to nuclear weapons disassembly. This action is part of the overall effort by the Department to reconfigure the nuclear weapons complex. (A93OR023)

An audit to determine if refurbishment of the firing range at the Nevada Test Site is necessary. The Department is planning to spend about \$500,000 to refurbish the range which may not be necessary in a few years. It appears that alternative sites are available for security personnel to use for weapons training and certification. (A93LV083)

An audit at the Yucca Mountain Site Characterization Project Office to determine if site characterization work, which includes the tunneling and drilling programs, is being managed effectively and efficiently. These programs have a proposed combined budget of \$1.2 billion. (A93LV084)

An audit of the Management of Selected Energy Research Major System Acquisitions to evaluate the effectiveness and efficiency of actions being taken to facilitate the completion of the construction phases of several major systems acquisitions, including the Superconducting Super Collider, Advanced Photon Source, and Relativistic Heavy Ion Collider. Planned FY 1993 expenditures on these three projects was about \$800 million. (A93CG040)

OIG Work Planned for FY 1994

An audit to determine whether the deemphasis on weapons production has resulted in a commensurate change in weapons related modernization and construction activities at the Albuquerque Field Office. (A94AL002)

An audit to evaluate the need for a proposed \$217.5 million Environmental and Molecular Sciences Laboratory at the Hanford Environmental Restoration Site. (A94RL031)

An audit to determine if the development of Multi-Purpose Canisters is a viable option for meeting the Department's 1998 waste acceptance contractual obligations for the nuclear waste repository. Multi-Purpose Canisters are sealed metallic canisters that will be used to store, transport and dispose of nuclear fuel and waste. (A94CF002)

An audit to evaluate plans and progress in acquiring the larger general purpose detectors needed for the Superconducting Super Collider program. These detectors are needed to record the collisions of protons in the collider that will be analyzed by scientists working in experimental chambers. (A94DL010)

FINANCIAL MANAGEMENT

This area focuses attention on the management controls, accounting systems and other processes that ensure that DOE and its management and operating contractors exercise proper accountability over the Government resources entrusted to them. A number of processes have been developed in DOE to ensure this is achieved. These processes include the annual reviews of DOE's internal control systems under the Federal Managers' Financial Integrity Act (FMFIA), the expression of an opinion on the DOE financial statements required by the Chief Financial Officers Act of 1990, and other reviews of DOE's financial management systems. Also, before the Department approves a contractor's annual accounting for its net expenditures, the OIG examines the reliability of the internal controls of contractors and DOE Field Elements which are used to ensure that only allowable costs are claimed and reimbursed.

OIG FY 1993 COMPLETED WORK IN THIS AREA

Voucher Accounting for Net Expenditures Accrued

In accordance with Department requirements, each integrated contractor annually prepares and certifies Department Form 2200.1, "Voucher Accounting for Net Expenditures Accrued," to summarize its accounting for net expenditures accrued during the year specified. The form serves as the contractor's claim and certification that the net expenditures accrued have been incurred and are allowable under the contract.

The form also provides for the Department's approval of the contractor's accounting of net expenditures accrued. Before the Department approves the Form 2200.1, the Inspector General's Office of Audits examines the reliability of the internal controls which the contractor and the affected Department Field Element use to certify that only allowable costs are claimed and reimbursed. Each fiscal year, the Office of Inspector General provides an opinion on the adequacy of the internal control system from which the integrated contractor financial statements were prepared.

A sample of the findings of the Form 2200.1 reviews which the Office of Audits conducted during the past fiscal year is presented below:

1. Chem-Nuclear Geotech did not have a viable internal audit function even though their FY 1992 budget exceeded \$78 million. The internal auditor performed significant amounts of noncontract work and special projects. Geotech had not

conducted a study to determine the appropriate staff size for an internal audit function, and Geotech officials stated that they did not intend to do so. Contrary to contract terms, Geotech temporarily charged the costs of noncontract work to the Letter of Credit. Geotech was not depositing into the proper account its collections or added factor and depreciation. (WR-V-93-6)

2. National Renewable Energy Laboratory reimbursed its home office (Midwest Research Institute) \$4,084 in excess of the Contracting Officer's authorization because the Laboratory lacked procedures to ensure reimbursement of home office costs is in accordance with the Contracting Officer's authorization. WR-VC-93-16
3. Kaiser Engineers Hanford Company cancelled its FY 1992 allowable cost audit, and 8 other allowable cost audits either did not have workpaper support or were very limited in scope. Further, Kaiser had only one internal auditor and did not obtain additional audit support. (WR-VC-93-15)
4. Battelle noncomplied with directions from Richland Operations Office to review travel costs for subcontracts. As a result, unallowable costs were claimed by and paid to subcontractors. (WR-V-93-5)
5. Raytheon Services Nevada had \$4.1 million of overhead costs which had not been distributed. When the costs are distributed to all projects, the cost ceilings for work-for-others may be exceeded. Further, Raytheon allowed personal travel costs to be financed with Department funds. (WR-VC-93-9)
6. Protection Technology Idaho twice paid salaries in excess of \$60,000 without obtaining the Contracting Officer's approval, and the company had not established internal controls to preclude such payment. Further, Appendix A to the contract allowed the company to pay travel relocation costs in excess of Federal travel and acquisition regulations limitations. Also, the company did not conduct an allowable cost audit for FY 1992, and the company's one internal auditor was not qualified to conduct financial-related audits. (WR-VC-93-10)
7. Appendix A to the Department's contract with Babcock and Wilcox Idaho allows company employees to claim the costs of home visits for relocating employees. This practice is not authorized for contractor employees by Federal acquisition

and travel regulations. Management did not concur that the practice is not allowable because the applicable regulations are moot on this item of cost. (WR-VC-93-11)

8. MK-Ferguson of Idaho paid salaries in excess of \$80,000 without the Contracting Officer's approval, used Department funds to finance other MK-Ferguson affiliates for work not related to the contract, and did not conduct any allowable cost audits for FY 1992. (WR-VC-93-12)
9. Westinghouse Idaho Nuclear Company allowed relocating company employees to claim per diem in excess of Federal acquisition and travel regulations limitations. Further, Appendix A to the contract allowed home visits for relocating employees that were not authorized by applicable regulations. Management felt that since the home visit costs were not specifically addressed in the regulations, they are allowable. (WR-VC-93-13)
10. The Department's contract with EG&G Idaho allowed EG&G employees to claim lodging expenses in excess of Federal acquisition and travel regulations limitations. Further, Appendix A to EG&G's contract allowed home visits for relocating employees that were not authorized by Federal regulations. Management defended the home visit costs. (WR-VC-93-14)
11. Contrary to Department policy, the Kansas City Area Office used Allied Signal to procure computer resources and legal services for the Area Office. Further Allied Signal's internal auditor was not independent of all functions being audited, and Allied's internal audits of allowable costs did not include a review of internal controls as required by Government Auditing Standards. Allied used Government funds to finance the cost of known unallowables and undercharged for services performed for its parent corporation. Also, Allied did not comply with its contract regarding relocation costs of its employees. (WR-V-93-2)
12. Sandia Corporation's contract did not include the Department of Energy Acquisition Regulation standard internal audit clause, and Sandia's internal audit department was not organizationally independent. Also Sandia's contract auditors did not always follow professional auditing standards. Sandia continued to work on reimbursable work-for-others after funding had been exhausted. (WR-V-93-1)

13. MK-Ferguson of Oak Ridge did not perform the physical inventory of materials and supplies on hand or in stock, or the inventory reconciliation during FY 1991. MK-Ferguson's misstatements of accrued expenses resulted in a material misstatement of the financial statements for the year ended September 30, 1991. Direct and indirect expenses charged to construction work in progress were overstated by over \$500,000. MK-Ferguson has not established a resident internal audit group to perform the audits required under terms of its contract. MK-Ferguson did not properly record a DOE transfer voucher for over \$9.7 million which represented allocated indirect costs associated with work performed by the predecessor contractor. (ER-V-93-03)
14. Westinghouse Environmental Management Company of Ohio had not complied with contractual requirements for allowable costs or with Cost Accounting Standards. Also, the Fernald Operations Office did not perform management control evaluations in FY 1992 in accordance with the Federal Managers' Financial Integrity Act. Both of these findings had been reported previously in audit reports. (ER-V-93-08)
15. EE&G Mound Applied Technologies had not complied with Cost Accounting Standards, and EG&G's internal audit group was not structured organizationally to be sufficiently independent. (ER-V-93-07)
16. Universities Research Association's internal audit group was not structured organizationally to be sufficiently independent. Although the Superconducting Super Collider Laboratory has not adopted internal regulations on the use and approval of overtime, over 50 percent of nonexempt employees included in a random sample claimed and were compensated for overtime. (CR-V-93-1)
17. Westinghouse Hanford Company did not provide the Department with adequate assurance that unallowable costs were fully identified and recouped. (WR-VC-93-6)
18. EG&G Rocky Flats had not corrected some deficiencies cited in previous audit reports. Rocky Flats Operations Office had not completed final disposition of findings reported by EG&G internal auditors in FY 1989 and FY 1990 audits of allowable costs. In FY 1991, the auditors had reported that EG&G had not performed any cost audits on subcontracts during the past year. As of September 30, 1992, a backlog of 429 subcontracts remained unaudited. (WR-VC-93-5)

19. Los Alamos National Laboratory's internal audit group was not organizationally independent. (WR-V-93-4)
20. TRW Environmental Safety Systems, in violation of its contract, had not hired an internal audit staff, nor had it performed internal audits of the allowability of costs charged to the contract for FY 1991. Furthermore, TRW had not requested or done any audits at its subcontractors, which constituted 58 percent of the expenditures under the prime contract. Also in violation of its contract, TRW hired 60 percent of its employees with compensation packages of \$70,000 or more without written approval from the Contracting Officer. Tests of various TRW operations, including general disbursements, payroll and travel expenditures, disclosed unallowable costs. (CR-V-92-04)
21. Westinghouse Electric Corporation Waste Isolation Division did not comply in FY 1991 with the requirement to obtain prior Contracting Officer approval for salary actions of \$70,000 or more. Also, Westinghouse did not conduct or otherwise arrange for a contractually required annual internal audit on the allowability of claimed costs. (WR-V-92-11)
22. Martin Marietta Energy Systems Uranium Enrichment Organization misclassified certain balances between financial plans, and auditors recommended specific actions to improve internal controls in areas of accounts receivable and revenue, purchasing, accounts payable, general disbursements, and certain inventories. (ER-VC-93-01)
23. Battelle Pacific Northwest Laboratories had not completed a review of all subcontracts to determine if costs have been paid in accordance with subcontract terms. (WR-V-93-5)
24. Chem-Nuclear Geotech, Inc., temporarily charged the Department's letter of credit for \$460,000 in noncontract work costs during the first 10 months of Fiscal Year 1992, did not deposit its collections of added factor and depreciation due from its noncontract work into the proper account, and did not have a viable internal audit function. (WR-V-93-5)
25. Westinghouse Electric Corporation, Waste Isolation Division, did not comply with Department and internal requirements for preaward and cost-incurred subcontract audits. (WR-V-93-7)

26. Raytheon Services Nevada had \$4.1 million of overhead costs which had not been distributed. When the costs are distributed to all projects, the cost ceilings for work-for-others may be exceeded. (WR-VC-93-9)
27. Protection Technology Idaho paid salaries in excess of the limits allowed by its contract without obtaining the Contracting Officer's approval and had not conducted its Fiscal Year 1992 allowable cost audit. (WR-VC-93-10)
28. Kaiser Engineers Hanford Company did not provide sufficient internal audit coverage to comply with Department and contract requirements and lacked documents to adequately support payments to Kaiser affiliates. (WR-VC-93-15)
29. Lawrence Livermore National Laboratory did not conduct a Fiscal Year 1992 allowable cost audit, and the Lab had over 1,000 subcontracts under \$1 million (totalling about \$142.6 million) that had not been reviewed to determine if audits on them were necessary. The Lab renewed consultant agreements without adequate written justification, and both consultant and personal service agreements were awarded without competition. (WR-VC-93-17)
30. MK-Ferguson of Oak Ridge Company's cost-plus commitments for several line-item projects exceeded the Department's authorizations, and potentially unallowable costs were incurred. (ER-V-93-14)

Review of TESS Internal Controls Over Financial Management and Procurement Activities

TRW Environmental Safety Systems (TESS) used a method for computing business license taxes that resulted in overpayment, the company put into effect a policy to reimburse employees the maximum allowable rate for lodging rather than the actual costs, the company did not always obtain the most economical airfares for travel, and TRW did not use the most effective procurement methods. The audit report recommended several actions which would result in greater economy, compliance with Federal Travel Regulations, and recoupment of excess business taxes paid in 1991. (CR-B-93-1)

FERC Internal Control Deficiencies

An audit found that the Federal Energy Regulatory Commission had not maintained adequate accounting records during 1992 and

preceding years, and reconciliations and documentation had not been maintained to support financial statement balances and disclosures. (CR-FC-93-02)

Naval Petroleum and Oil Shale Reserves Management Controls

An audit found insufficient separation of duties in the payroll department, and unauthorized and untested modifications to the electronic data processing system logic by accounting department personnel. The audit also identified certain matters involving the internal control structure and other operational concerns that needed management consideration. (WR-FC-93-2)

OIG FY 1993 Work Continuing into FY 1994

An audit of the new Westinghouse Savannah River Company accounting system to evaluate the accuracy and effectiveness of the Integrated Budget, Accounting and Reporting System for providing necessary information to adequately manage and control costs. (A93SR048)

A review of the Rocky Flats Plant Cost Accounting Standards Board Disclosure Statement in order to provide DOE management with reasonable assurances that the cost distribution system at Rocky Flats is adequate to properly record costs consistent with DOE requirements and the contract. (A93DN090)

An audit to validate the Department's quality control program for compliance with the Federal Prompt Payment Act and OMB Circular A-125. (A93CG041)

A review of selected intelligence and special access program work-for-others projects. (S91IS010)

A review of the Department of Energy's control procedures for allocating and spending funds. (S93IS007)

A review of a selected Idaho Operations Office intelligence Work-For-Others project. The project will be reviewed for financial integrity, compliance with laws and regulations, and DOE management's effectiveness. (S93IS013)

OIG Work Planned for FY 1994

Over 21 staff years of audit effort are currently scheduled in the financial management area in FY 1994. This includes 20 audits to meet the requirements of the FMFIA, 7 audits to meet the requirements of the CFO ACT, and 44 other financial statement related audits. In addition, several other audits of financial activities are planned, including a review of Albuquerque Operations management of "funds-in" agreements to determine whether there is reasonable assurance that charges for Department depreciation and added factor are waived only when management and operating contractor reimbursable work benefits the Department. (A94AL005)

A review to determine the financial integrity and compliance with laws and regulations of the Los Alamos National Laboratory work-for-others holding accounts. (S94ISXXX)

A review of selected Nevada Operations Office intelligence work-for-others projects. The projects will be reviewed for financial integrity, compliance with laws and regulations, and DOE management's effectiveness. (S94ISXXX)

ADMINISTRATIVE SAFEGUARDS

"Administrative Safeguards" are those OIG investigations and other reviews of administrative operations in which there is high inherent vulnerability to waste, abuse, and mismanagement such as imprest funds, payrolls, travel claims, time cards, overtime claims, and telephone use. Although the dollar amounts involved in the investigations or reviews may be comparatively small, OIG activities falling within this category have significant value in deterring others from committing the same acts.

OIG FY 1993 COMPLETED WORK IN THIS AREA

Control of Imprest Funds at Westinghouse Savannah River Company

Auditors identified six areas in which internal controls needed strengthening. To correct the internal control deficiencies, the auditors recommended that the contractor modify its policies and procedures to comply with regulations for canceling supporting documentation, requesting satellite custodian fund replenishments, safeguarding funds, and obtaining receipts. The contractor should also remind cashier and satellite custodians to obtain adequate receipts and to review transaction requests for appropriate approvals. Additionally, the contractor should ensure compliance with its own procedures for documenting each fund's authorized cashier or custodian and fund level, for safeguarding the imprest funds, and for making small cash purchases. (ER-B-93-02)

Faulty Imprest Fund Procedures Led to Questionable Practices

A contractor employee alleged that there were irregularities in the handling of the contractor's imprest fund. Investigators identified imprest fund invoices which appeared to have been altered, and others which were for items not relevant to the contract. The investigative report recommended that the Department establish a system to control purchases made through contractor imprest funds to ensure that all purchases are related to activities within the scope of the contract and to ensure that only original invoices are submitted for payment. In addition, the report recommended that the contractor reimburse the Department for funds paid based on copies of invoices submitted in place of the originals. (I90HQ026)

Time Card Fraud Led to Indictment by a Federal Grand Jury

A contractor employee claimed about 500 overtime hours (worth about \$8,000) which he may not have worked. Investigators determined that the employee was in a position to add overtime hours to his time card after his supervisor had signed it. A Federal grand jury indicted the employee for theft of Government property, a charge which carries a penalty of up to 10 years in prison and a fine of up to \$250,000. (I93RL004)

Travel-Related Abuses Are Investigated

Investigators inquired into several allegations of travel-related abuses which led to the recovery of over \$67,500 in embezzled travel funds. The subjects included a contractor official, two Department senior managers, and both Department and contractor clerical personnel. The schemes included taking personal travel to Las Vegas and charging the cost to the Government as official business, writing false travel authorizations and collecting the travel advances, submitting false local travel vouchers for payment, and theft of travel funds. (I92LL010, I92HQ024, I92HQ013, I91SF006)

Misuse of Government Credit Card Ends in Commercial Debt Collection

A Department employee had been using his Government credit card for personal purchases, and the credit card account was now delinquent with a balance of \$6,400 even though the employee had not been on official travel for over 2 years. The employee resigned his employment, and the credit card vendor assigned the debt to a commercial collection agency. (I93HQ005)

Inspection Disclosed Lack of Reporting Guidance in Sexual Harassment and Alcohol Abuse Cases

Inspectors determined there were no Department guidelines available regarding a supervisor's responsibility for reporting alleged sexual harassment when the complainant requests confidentiality and requests that no action be taken. In addition, the inspectors found no specific requirement for supervisors or managers to report suspected alcohol abuse to the next level of management. Department management agreed to take actions recommended by the inspectors to correct the situation. (S92IS013)

Inspection of Forrestal Parking Permit Allocation and Assignments

The inspection disclosed that certain decisions by the Parking Committee were not always documented and that there were no written guidelines or procedures to govern the activities of the Committee. The inspection also disclosed that the Department may not be in compliance with the Federal Property Management Regulation requirement that there be a facility Employee Transportation Coordinator for the Forrestal Building. Management concurred with the findings and is taking action to correct the noted deficiencies. (INS-O-93-01)

A Secure Computing Facility Was Used for Private Business

Two Lawrence Livermore National Laboratory employees agreed to resign their positions with the lab and make restitution of about \$2,700 for their misuse of Government computers for their private business. (I92LI004)

Contractor Employee Received Gratuities from Vendors

A contractor employee at Lawrence Livermore National Laboratory was awarding purchase orders outside existing blanket purchase orders for scheduled maintenance and mandatory safety inspections. Most of the awards were sole source, based on the employee's comments of nonavailability of the services from other vendors. The employee solicited and received gratuities from several heavy equipment vendors over a 2-year period which amounted to about \$1,500. The Laboratory issued the employee a formal letter of warning that any future acts of misconduct could result in his dismissal. (I90SF007)

OIG FY 1993 Work Continuing into FY 1994

Several audits will continue into FY 1994, including an audit of timekeeping and payroll activities at the Fernald Corporation. The objective of this audit is to determine whether the corporation has timekeeping and payroll policies and procedures to ensure accurate pay to appropriate employees. (A93CN069)

An inspection to determine if recommendations made subsequent to DOE Report IG-0205 regarding allegations of diversion and substitution of crude oil from the Strategic Petroleum Reserve have been accomplished, and if a Special Access Program at the Reserve was properly established. (S91IS005)

An evaluation of Quality Assurance receipt inspection procedures implemented by the DOE Oak Ridge Operations Office and its management and operating contractors and subcontractors. (S93IS006)

An inspection to determine whether the DOE Oak Ridge Operations Office is in compliance with Federal Employee's Compensation Act regulations in connection with workers' compensation claims. (S93IS014)

An evaluation of quality assurance receipt inspection procedures implemented by the M&O contractor and related subcontractors at the Continuous Electron Beam Accelerator Facility. (S93IS063)

A review of Lawrence Livermore National Laboratory's procedures for TDY/PCS travel. (S93IS064)

A review of physical security, property accountability and possible safety issues regarding alleged theft and vandalism of property at Los Alamos National Laboratory site TA-55. (S93IS018)

A review of issues regarding alleged abuses of the Equal Employment Opportunity process at the Savannah River Site. (S93IS032)

A review of issues regarding alleged harassment and intimidation of contractor employees by a Counter Intelligence Officer at the Idaho National Engineering Laboratory. (S93IS065)

A quality improvement-based revision of the OIG Inspections Manual which contains policies and procedures for the Office of Inspections to incorporate OIG quality processing standards into the manual. (S93IS754)

A review of an allegation of use of Federal funds for the construction of a health spa by the Idaho National Engineering Laboratory. (S93IS067)

A review of issues regarding use and cost of pagers by Defense Programs' Office of Construction and Capital Projects. (S93IS073)

A review of issues related to Los Alamos National Laboratory's sole source contract with MCC Ventures for commercialization support. (S93IS074)

A review of issues related to use of Mid-South Institute of Self-Defense Shooting, a contractor in Memphis TN, to provide firearms training to DOE. (S93IS075)

A review of the appropriateness of Albuquerque Operations Office funding a training course attended by consultants and other training related issues. (S93IS078)

OIG Work Planned for FY 1994

During FY 1994, the Office of Audits will look for instances of waste, fraud, and mischarging while performing work in the other major program areas. In addition, the AIGA plans to start several audits of vulnerable activities such as travel, overtime, and imprest and petty cash funds. Also, the AIGA's cooperative audit strategy will require all management and operating contractors' internal audit staffs to perform audits of the allowability of costs claimed by management and operating contractors. Through risk assessments, internal audit staffs will identify and audit those activities found to be most vulnerable to waste, fraud, and mischarging.

An administrative allegation-based review of the allegation/issues received concerning the Department's activities and operations. (S94ISXXX)

A legislative and policy review to comply with the IG Act of 1978, as amended, and the PCIE Quality Standards for Federal Offices of Inspector General. The Office of Inspector General is required to review and comment on existing and proposed legislation and regulations relating to Department programs and operations. The Office of Inspections has the responsibility of coordinating this activity and preparing responses for the OIG. (S94ISXXX)

An intelligence oversight inspection for 4th Quarter FY 1993 to determine if any DOE intelligence activities were contrary to Presidential directives, Executive orders, DOE orders, regulations, or laws. (S94ISXXX)

Special inquiries to determine management's actions taken in response to allegations/issues. (S94ISXXX)

Freedom of Information Act request responses to provide appropriate information as required under the Freedom of Information Act (FOIA). (S94ISXXX)

Subpoena activity to assemble, analyze and prepare information as required to meet conditions of subpoena requests for documentation/statements. (S94ISXXX)

An inspection to determine whether the Albuquerque Operations Office is in compliance with Federal Employees' Compensation Act regulations in connection with Workers' Compensation claims.

(S94ISXXX)

An intelligence oversight inspection for 1st Quarter FY 1994 to determine if any DOE intelligence activities were contrary to Presidential directives, Executive orders, DOE orders, regulations, or laws.

(S94ISXXX)

Senate/House Detailee Report to the appropriations committees.

(S94ISXXX)

An intelligence oversight inspection for 2nd Quarter FY 1994 to determine if any DOE intelligence activities were contrary to Presidential directives, Executive orders, DOE orders, regulations, or laws.

(S94ISXXX)

An intelligence oversight inspection for 3rd Quarter FY 1994 to determine if any DOE intelligence activities were contrary to Presidential directives, Executive orders, DOE orders, regulations, or laws.

(S94ISXXX)

A year-end evaluation of findings for Federal Managers' Financial Integrity Act input to the Office of Audits, to provide a list of any material management control weaknesses or accounting system deficiencies noted during the fiscal year inspections. Also, to provide a list of ongoing inspections that involve, or resulted from, serious management control deficiencies. The list identifies the Headquarters or Field organizations concerned in each instance.

(S94ISXXX)

An evaluation of the quality assurance receipt inspection procedures implemented by the DOE Savannah River Operations Office, its management and operating contractors, and its subcontractors.

(S94ISXXX)

A review of issues related to possible development of duplicate Defense Programs records management systems.

(S94ISXXX)

ASSISTANT INSPECTOR GENERAL FOR POLICY, PLANNING & MANAGEMENT

This section of the OIG Annual Work Plan presents initiatives and improvements on which Assistant Inspector General for Policy, Planning and Management (AIGP) will focus during FY 1994, and the work that will be performed in support of the goals, objectives, and initiatives contained in the OIG Strategic Plan.

AIGP provides the policy, planning, administrative support and management services to assist the OIG in accomplishing its mission as mandated by the Inspector General Act of 1978, as amended. AIGP provides these services to the immediate Office of Inspector General; to the Assistant Inspectors General for Audits, Investigations, and Inspections; and to its own Office. AIGP support services include automated data processing; personnel; training; budget; travel; relocations; procurement; security; Freedom of Information/Privacy Act; policies and procedures; short and long-range planning; records, property, and space management; and other administrative support. AIGP also coordinates all activities of the PCIE in which the Inspector General participates, and the Federal Managers' Financial Integrity Act (FMFIA) process within the OIG.

AIGP also performs special projects, such as those mandated or requested by Congress, the Secretary, the Department, or in connection with surveys and studies conducted by the various Governmentwide oversight offices.

AIGP work to be performed during FY 1994 is listed by each goal, objective and initiative.

GOAL 3: Identify, obtain, and administer sufficient OIG resources to carry out an efficient and effective Inspector General program of audits, inspections, and investigations, with specific emphasis on equal employment opportunity.

1. Identify, justify, and present OIG staffing and funding needs.
2. Integrate Quality Process principles into the budget process.
3. Ensure that resources acquired are expended legally, effectively, efficiently, and in accordance with sound financial management principles.
4. Maintain a continual liaison with OIG program offices.

5. Perform OIG liaison with the news media and the general public.
6. Work on special projects for the Inspector General or Associate Inspector General.
7. Direct development, review and issuance of Inspector General Semiannual Reports to Congress.
8. Develop and provide OIG input to the Department of Energy Annual Report to Congress and the President's Council on Integrity and Efficiency Annual Progress Report.

OBJECTIVE 3-A: Ensure OIG resource planning includes coverage of Department high priority operations, as well as strategies for recruiting minorities, women, and disabled persons.

1. Provide personnel support (computer specialists) to the offices of Audits, Investigations, and Inspections.
2. Ensure OIG resource planning includes coverage of Department high priority operations by continuing to integrate the planning and budget processes.
3. Update Department resource data and information on Administration and Department priorities and initiatives provided to OIG program offices in conjunction with the strategic planning and budget formulation processes.
4. Ensure that AIGP hiring practices and work force composition reflect appropriate diversity concerns and goals, as presented in the OIG Affirmative Employment Program Plan.
5. Prepare and implement the OIG Federal Equal Opportunity Recruitment and Affirmative Employment Plans.
6. Develop, review input for, and evaluate accomplishment of the OIG Strategic Plan.
7. Review and evaluate annual work plans produced and issued by the Assistant Inspectors General.

OBJECTIVE 3-B: Provide effective administration of OIG financial, personnel and property resources.

1. Develop and modify administrative modules as required for the Management Information System.

2. Continue to maintain a viable OIG computer security program.
3. Ensure classified processing capabilities for all OIG sites.
4. Maintain security responsibilities and training at each site.
5. Provide effective administration of OIG financial resources.
6. Establish and maintain a standard travel voucher turnaround time of 1.5 days.
7. Provide effective administration of personnel.
8. Administer property resources.
9. Develop and implement personnel policy.
10. Provide personnel processing actions in staffing, classification, employee development and training, and employee relations to all OIG managers and employees.
11. Develop an administrative self-assessment guide and review administrative aspects of OIG offices during Quality Assurance Reviews.

OBJECTIVE 3-C: Perform near and long-term resource acquisition and work load planning.

1. To assist the OIG in work load planning and resource acquisition, develop a communication strategy for the OIG based on the telecommunication study conducted by the OIG in FY 1993, and on the new communications capabilities implemented by the Department.
2. Convert the OIG to state-of-the-art wordprocessing.
3. Develop a plan to convert the OIG to other state-of-the-art PC software programs.
4. Acquire necessary computer-related equipment to support OIG activities.
5. Perform near and long-term resource acquisition.
6. Monitor FTE usage and calculate overtime rates.
7. Assist OIG managers in identifying, acquiring, and assigning staff resources to accommodate planned work load.

8. Develop, review input for, and evaluate accomplishment of the OIG Strategic Plan.
9. Review and evaluate annual work plans produced and issued by the Assistant Inspectors General to assess compliance with the OIG Strategic Plan.
10. Develop and issue the AIGP Annual Work Plan.

OBJECTIVE 3-D: Maintain efficient and effective data bases.

1. Provide computer resources at David Taylor Research Center for use by OIG functional areas.
2. Document all technical ADP procedures.
3. Provide data base administration resources for use by OIG functional areas.
4. Provide ADP expertise in support of the offices of the four Assistant Inspectors General.
5. Develop and/or maintain automated systems in the area of budget. A budget module to make better use of Departmental information is planned for implementation in FY 1994.
6. Manage input into the DOE Payroll/Personnel System and the Departmental Training Information System for the OIG.
7. Maintain an efficient and effective Quality Assurance Review data base.

OBJECTIVE 3-E: Review legislation and Federal regulations to identify impacts on OIG programs and operations.

1. Coordinate reviews of proposed OIG directives.
2. Increase accessibility to OIG directives.
3. Improve the distribution and maintenance of OIG administrative directives.

OBJECTIVE 3-F: Provide appropriate training for OIG personnel.

1. Develop and conduct basic and advanced ADP-related training for OIG personnel.
2. Develop and/or conduct training courses for OIG employees.

3. Operate a comprehensive employee development and training program to provide OIG employees with opportunities for career advancement.
4. Evaluate training needs during Quality Assurance Reviews of OIG offices and operations.

INITIATIVE 2: Improve the currency and accuracy of the OIG Management Information System (MIS).

1. Provide and produce cyclic, ad hoc and project management reports for all levels of the OIG.
2. Update and improve MIS modules for which AIGP has responsibility, including those related to planning and budgeting.
3. Operate controls to ensure that data entered into the MIS (such as the timekeeping system) is accurate and meaningful.
4. Maintain the personnel module of the MIS.
5. Include currency and accuracy of the MIS in Quality Assurance Reviews.

INITIATIVE 3: Use the Management Information System (MIS) as a tool for measuring performance and controlling work loads.

1. Modify, as required, functional tracking systems to provide the necessary information and statistics; perform mandated system changes.
2. Perform analyses of Department staffing and funding trends and reprioritization using Strategic Planning information.
3. Review Annual Assessment Reports issued by the Assistant Inspectors General to evaluate accomplishment of goals, objectives, and OIG initiatives contained in the Annual Work Plans.
4. Use MIS to measure OIG performance during Quality Assurance Reviews.

INITIATIVE 4: Develop, publish, and maintain a detailed handbook covering all Management Information System (MIS) procedures for users of the OIG MIS.

1. Develop, publish, and maintain, as required, all MIS procedures for users of the MIS system.

2. Create and maintain an MIS handbook.
3. Maintain procedures on data entry into the Personnel module of the MIS, updating procedures as program changes are made.

INITIATIVE 5: Develop and implement OIG records management policy and procedures.

1. Develop and implement, as required, ADP procedures for OIG automated records management.
2. Implement the recently issued Department's records management initiatives, and operate in accordance with the OIG's records management plan submitted June 1, 1993, and milestones agreed to with OIG program officers.
3. Conduct major records reduction effort.
4. Review personnel files and records to ensure compliance with the DOE Records Inventory and Disposition Schedule (RIDS).
5. Include reviewing OIG records management during Quality Assurance Reviews.

INITIATIVE 7: Continue to give emphasis to the Affirmative Employment Program.

1. Implement the Affirmative Employment Program in all AIGP hiring and contracting.
2. Continue to make progress in FY 1994 to ensure equal opportunities exist for women, minorities, and the disabled within AIGP.
3. Provide support to OIG offices and complete action items assigned to the Personnel Office in the Federal Equal Opportunity Recruitment and Affirmative Employment Plans.
4. As appropriate, review Affirmative Employment Program during Quality Assurance Reviews.

INITIATIVE 8: Increase management training and development.

1. Provide management-related ADP training and documentation.
5. Distribute training material on activities available and purchase-required slots.

INITIATIVE 9: Continue to emphasize the Cooperative Education Program.

1. Continue to demonstrate support for student-employee programs among AIGP staff.
2. Include adequate resources to support student programs in formal budget requests.
3. Pursue efforts through DOE to get additional FTEs to hire cooperative education students.
4. As appropriate, review Cooperative Education Program during Quality Assurance Reviews.

INITIATIVE 10: Conduct a vigorous quality assurance program, focusing on providing greater coverage of investigations and inspections.

1. Provide adequate resources and administrative services to support formal OIG quality assurance efforts.
3. Monitor the OIG's management control posture regarding safeguards and security in conjunction with the Federal Managers' Financial Integrity Act (FMFIA). Includes conducting a self-assessment once during the year.
4. Maintain and monitor management control posture regarding OIG personnel systems, including Personnel Management Evaluations, as required.
5. Respond to potential FTE impacts of the initiative, identifying barriers impacting the personnel program.
7. Emphasize the areas of inspections and investigations in the Quality Assurance Review Plan for FY 1994 and conduct the planned evaluations.

INITIATIVE 11: Implement OIG ADP and document security programs at all OIG sites.

1. Conduct ADP Security reviews and surveys, and update ADP security documentation and programs on an annual basis.
2. Visit field sites to ensure that security requirements are understood and satisfied at all OIG sites, and that OIG employees understand the requirements and are familiar with the Headquarters Element Security Agreement (HESA).

3. Update/republish the HESA as required.
4. Develop/implement/maintain Security Standard Operating Procedures, self-assessments, and Memoranda of Agreement for all sites.
5. Instruct staff in proper ADP security procedures to ensure adequate security of automated information.
6. Review ADP security programs during Quality Assurance Reviews conducted at OIG sites.
8. Implement physical security and information security procedures to protect classified and unclassified/sensitive data.

MANDATORY REPORTS AND TASKS FOR FY 1994

The following list presents reports and tasks performed by AIGP offices which are required by statute or regulation.

OFFICE OF AUTOMATED DATA PROCESSING

1. Provide report on Annual Long-Range Computer Plans to the Department's Office of Information, Technology, Services and Operations (ITSO).
2. Perform security reviews of classified computer systems.

OFFICE OF ADMINISTRATIVE SERVICES

1. Respond to Internal Review, Office of Management and Budget, and Congressional budget requests.
2. Report on Freedom of Information Act (FOIA)/Privacy Act activity, including submission of FOIA Annual Report to Congress.
3. Provide Small Business Report to Congress.
4. Develop/implement/administer Department's records management program as mandated in recent initiatives and guidance.
5. Assist in preparation and distribution of OIG Semiannual Report to Congress.

6. Assist in preparation of President's Council on Integrity and Efficiency (PCIE) Annual Progress Report to the President.
7. Conduct security self-assessment (DOE Order 5635.1A).
8. Provide Quarterly security/unaccounted-for document reports.
9. Provide Information Security Oversight report.
10. Publish/maintain OIG Headquarters Element Security Agreement.
11. Inventory property.
12. Annual Records Holding Survey (DOE 1324.24).
13. Annual Update of Records Inventory and Disposition Schedule (RIDS)
14. Annual check on Government Travel Requests (GTRs) (DOE 1500.2).
15. Review of Blanket Travel Advances (DOE 1500.2)

OFFICE OF HUMAN RESOURCES MANAGEMENT

Personnel programs are mandated by Title 5, Title 20, and Title 29 of the U.S. Code, and corresponding titles of the Code of Federal Regulations. These personnel programs require the Office of Human Resources Management to perform the following tasks and issue the following reports:

MANDATORY TASKS

1. Conduct recruitment and employment programs.
2. Prepare notifications of personnel action in the DOE PAY/PERS system.
3. Maintain Official Personnel Folders and Employee Performance Files.
4. Determine the appropriate title, series and grade of positions by applying OPM's Position Classification Standards.
5. Conduct periodic position maintenance reviews to ensure that position descriptions are current and accurate.

6. Provide management advisory services on disciplinary and adverse actions. Prepare draft proposed notices and decision letters on same.
7. Process employee grievances and appeals.
8. Manage the performance appraisal system. Review elements and standards for appropriateness. Ensure that ratings are documented and recorded.
9. Coordinate all EEO related activities for OIG. Prepare OIG affirmative employment plans and assessment reports. Serve as point of contact on the processing of EEO complaints by the Office of Civil Rights.
10. Process all health benefits, thrift savings plan, and life insurance regular and open season enrollments.
11. Initiate OIG request for security clearances and re-investigations. Prepare related reports. Issue credentials.
12. Provide suitability determinations.
13. Manage the injury compensation program. Process claim forms and related paperwork through the Department of Labor.
14. Manage the incentive awards program. Arrange for requested OIG award ceremonies.
15. Arrange for and/or conduct training courses.
16. Evaluate the effectiveness of training to job expectations.
17. Evaluate training vendors for purchasing services.
18. Process training requests and register employees for approved training. Certify payments of training funds to vendors.
19. Prepare the annual training plan and training report.
20. Publicize the availability of training materials and sources.
21. Provide management advisory services.
22. Develop and implement personnel policy.
23. Annual notice to all OIG managers and supervisors on their responsibility for leave administration (DOE 3630.1A).

24. Develop and publish Annual Training Plan (DOE 3410.1B).

MANDATORY REPORTS

Staffing and Employment

1. Assignment Agreement Title IV of the IPA.
2. Report on assignments under the Intergovernmental Personnel Act (biannual).
3. Report on direct hire appointments (completed whenever anyone is selected through direct hire authority).
4. Annual report on Use of Outside Recruiting Assistance.
5. Annual report on Use of Private Sector Temporaries.
6. Annual report of student volunteer service.
7. Report on Part-time Employment Program.
8. Annual report of Delegated Authorities.
9. Report on Interagency details (biannual).
10. Annual report on special recruitment programs (covered by Luevano Decree).
11. Annual Report on Federal Equal Opportunity Recruitment Program.
12. Notification of Executive Personnel Actions.
13. Annual review of Special Salary Rates.
14. Report of action on Certificates of Eligibility (completed for each OPM certificate that is requested and returned).
15. OIG Essential Employees Report.
16. Report of Financial Interest - GS & GM-13 and above (DOE 3735.1, Public Law 95-521).
17. Executive Financial Disclosure - Report SF-278 for SES and above (Public Law 95-521).

Position Classification and Position Management

18. Report on annual maintenance review or when conducted.
19. Report on implementation of new classification standards.
20. Intra-agency classification consistency reports (as required by OPM).

Employee Relations and Services

21. Annual report on Federal Employee Assistance Program.
22. Annual report on Incentive Awards.
23. Annual review and report on drug testing positions.
24. Affirmative Employment Plan Accomplishments.
25. Disabled Veterans affirmative action plan and accomplishments.
26. Annual ethics report.

Employee Development and Training

27. Annual report of training activities.
28. Annual statistical summary of training data.

OFFICE OF PLANNING AND EXTERNAL LIAISON

1. Issue a Semiannual Report to Congress, as required by the Inspector General Act of 1978.
2. Provide the Office of Inspector General's portion of the Department of Energy Annual Report, which is required by the DOE Organization Act of 1977 (Public Law 95-91, Section 657).
3. Provide the Department of Energy's portion of the President's Council on Integrity and Efficiency Annual Progress Report, which is required by Executive Order 12805 of May 11, 1992.

ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS

The Assistant Inspector General for Investigations is responsible for investigating prohibited or improper activities committed against DOE. Allegations received are from a variety of sources, including Department management and employees, other Federal and state law enforcement agencies, other Federal oversight agencies (i.e., the General Accounting Office, the Office of Management and Budget, and the Congress), contractors, concerned citizens, and special interest groups. Many of the allegations are reported via the OIG Hotline, which is operated to facilitate reporting fraud, waste, mismanagement and environmental concerns.

Since the mission of the Office of Investigations is mostly reactive to allegations reported to the OIG, there must be a realistic flexibility in plans for future investigative work. Therefore, this office's planning efforts focus on the acquisition, training and use of investigative resources to effectively meet the investigative needs of the OIG.

Planning an effective investigative effort is a continuing process which requires a great deal of flexibility. Managers must constantly reassess and reprioritize work due to the relative inflexibility of investigative personnel resources. Priority is given to investigations of any apparent or suspected violations of Federal criminal law, especially procurement fraud and environmental, safety and health matters. Priority is also given to the investigation of suspected Standards of Conduct violations which relate to the integrity and suitability of Department officials. Suspected violations of Federal criminal laws are promptly reported to the Department of Justice for prosecutive consideration. Investigative findings related to matters such as alleged violations of Department regulations, abuses of authority, non-criminal conflicts of interest and mismanagement are commonly addressed through appropriate civil and administrative processes. In all instances, attention to correction of identified systemic deficiencies in Department programs and operations is paramount. Additionally, priority is given to fulfilling requests for services from the Secretary, Congress, and other Government authorities.

INVESTIGATIVE WORK CARRIED OVER FROM FY 1993

On September 30, 1993, 517 cases were carried over to FY 1994. The majority of the investigations are procurement related, and the remaining ones are in the areas of environment, safety and health; program and grants management; nuclear disposal; weapons programs; expansion of laboratory mission; and power marketing administrations. The goal of the Office of Investigations is to reduce the case load by resolving all pre-1993 cases in a timely manner.

The Department of Energy budget focuses on environmental restoration and waste management; science and technology research, development, transfer, and commercialization; national defense; and the Energy Policy Act of 1992. Accordingly, the Office of Investigations will focus its proactive efforts on these areas.

The Office will continue to address complaints received via the Hotline and from other sources, encouraging complainant/stakeholders by our responsiveness and our strict adherence to laws and internal policy and procedures which protect confidentiality.

INVESTIGATIVE WORK PLANNED FOR FY 1994

In the investigative planning process, consideration must be given to the number of investigations in the inventory and its relationship to the number of assigned field agents. With 517 cases being carried over into FY 1994, the average case load is about 10 investigations per agent. Newer agents, however, are normally assigned only a few cases while they are training. Depending on the office location and the size of the case inventory at a particular office, some agents carry much larger case loads than others.

Work to be performed by the Office of Investigations in FY 1994 is strongly impacted by the 517 investigations carried over from the previous fiscal year and by the restructuring of the Department.

Assignment of Investigations

Managers, when making case assignments, must allow for the additional time that some investigations will take due to the

location of the investigation and the location of case agent. Although most investigations are conducted at the location where Special Agents are assigned, many investigations require extensive travel. As examples, almost all investigations supporting the Bonneville Power and Southwestern Power Administrations require overnight travel by agents assigned to other field offices. Agents assisting the resident agent at the Los Alamos National Laboratory or the New Orleans, Chicago, Las Vegas, or Kansas City Field Offices (one person points of duty) must travel by air or automobile and often stay for extended periods on TDY status.

Special consideration must also be given to the experience level of the Special Agent when making certain investigative case assignments. The sensitivity and complexity of the issues involved may require that the case be assigned to a Special Agent who has some particular specialized experience or expertise in the matter being addressed. In these instances, cases might be assigned to personnel who are not located at the office where the investigation is to be conducted. Supervision may be elevated to Headquarters rather than performed by the regional manager in certain sensitive and complex investigations.

Strategies

The Office of Investigations has several overall strategies of operations which underlie investigative work, as listed below.

1. Conduct investigations into allegations concerning wrongdoing or mismanagement in high priority DOE programs and operations.
2. Address allegations received by performing investigations that result in prosecutive or administrative action; by referring non-criminal matters to the Offices of Audits or Inspections or to DOE management for inquiry, action and reply; by referral to the Federal Bureau of Investigations or another Government agency; or by determining that no further action is necessary.
3. Continue to deploy sufficient resources to develop and resolve investigative cases concerning compliance with environmental laws and regulations.
4. Emphasize the development and investigation of cases involving allegations of fraud in DOE's procurement and grant programs.

5. Continue to operate the Inspector General Hotline to receive allegations related to fraud, waste or abuse in DOE programs and operations.
6. Continue programs to alert Departmental officials to fraud indicators.
7. Conduct joint projects with the Offices of Audits and Inspections with respect to Departmental activities in procurement, environment, safety and health, safeguards and security, and other areas of concern identified by the Secretary.

INVESTIGATIVE STATISTICS

The investigative statistics shown below are a compilation of those presented in the DOE IG Semiannual Reports to Congress which were issued in April and October of 1993.

Investigations Opened.....	383
Investigations Closed.....	199
Investigations Referred for Prosecution.....	67
Investigations Accepted*	26
Investigations Declined*	35
Indictments.....	16
Convictions.....	12
Pretrial Diversions.....	6
Debarments/Suspensions.....	14
Investigations Referred to Management for Corrective Action....	85
Complaints Referred to Mgmt. for Review/Action & Response.....	399
Administrative Disciplinary Actions Taken.....	39
Investigative Recoveries.....	\$2,801,370
Fines.....	\$18,550,125

*Some of the cases accepted or declined during FY 1993 were presented during FY 1992.

DOE IG Hotline Statistics

Complaints Received.....	529
GAO Referrals.....	9
Total Activity.....	538
Investigations Opened.....	131
Complaints Resolved or Pending Resolution.....	310
Complaints That Required No Action.....	97

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