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United States
Department of Energy

Semiannual Report to Congress on Inspector General Audit Reports

October 1, 1993 to March 31, 1994

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U. S. Department of Energy
Semiannual Report to Congress
on
Inspector General Audit Reports

For the Period October 1, 1993, through March 31, 1994

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Foreword

It is my pleasure to transmit to the Congress of the United States the Department of Energy's tenth Semiannual Report on Inspector General Audit Reports, in accordance with the 1988 Amendments to the Inspector General Act.

The mission of the Department of Energy (DOE) is to contribute to the Nation's welfare by providing the technical information and scientific and educational foundation for the technology, policy, and institutional leadership necessary to achieve efficiency in energy use, diversity in energy sources, a more productive and competitive economy, improved environmental quality, and a secure national defense.

We are implementing total quality management to provide our customers with a more effective, efficient, and responsive Department. Integral to this process is the need to ensure that we manage our programs without abuse, waste, or mismanagement. Timely implementation of audit recommendations and appropriate followup are essential to ensure the financial integrity and the administrative effectiveness in executing these programs.

A handwritten signature in black ink, reading "Hazel R. O'Leary". The signature is fluid and cursive, with the first name "Hazel" and last name "O'Leary" clearly distinguishable.

Hazel R. O'Leary
Secretary of Energy

Introduction

This is the Secretary of Energy's tenth Semiannual Report to Congress submitted under the Inspector General Act of 1978, as amended. Pursuant to the Inspector General Act Amendments of 1988 (Public Law 100-504), agency heads are to report to Congress on the status of final action taken on audit report recommendations. This report complements a report prepared by the Department's Office of Inspector General that provides information on audit reports issued during the period and on the status of management decisions made on Inspector General audit reports.

During the period covered by this report, October 1, 1993, through March 31, 1994, the Department took final action on five contract and financial assistance audit reports. At the end of the period only four reports awaited final action. With regard to operational, financial, and preaward audits, final action was taken on 40 reports, resulting in 84 audit reports needing final action at the end of the period.

This report has three sections. The first outlines significant audit accomplishments achieved by the Department during the reporting period. The second section contains the statistical tables that illustrate the status of final action on Inspector General audit reports. The third lists the audit reports that are one year or more past management decision and have not completed final action. This section also provides the status of corrective actions on each of these reports.

Significant Audit Accomplishments

During the period October 1, 1993, through March 31, 1994, management decisions were reached on 37 Inspector General reports and final actions were implemented on 45 other Inspector General reports. The following information is provided on selected reports where audit action has been accomplished.

IG-0307, "Procurement of Services From 8(a) Contractors for the Work-For-Others Program." In response to the Inspector General's concerns regarding the Oak Ridge Operations Office oversight of the 8(a) procurements in the Work-for-Others Program and their review of billings on task orders, an Oak Ridge task force was established to review the existing controls and the Work-For-Others business practices. As a result, Oak Ridge revised their procedures to more clearly define the roles and responsibilities of Contracting Officer Representatives and Contract Technical Monitors to strengthen the Department's oversight in this area.

IG-0312, "Review of Management and Operating Contractor Internal Audit Functions." The Department of Energy uses management and operating contractors to perform the majority of its missions. These contractors are required to perform internal audits to ensure that costs are reasonable and allowable and that contractor operations are economical and efficient. The Inspector General reviewed contractor internal audit performance and concluded that since the internal audit function was inconsistent from contractor to contractor, the Department could not rely on the current internal audit group as an integral part of its internal control structure. To address this issue, the Department instituted and implemented a number of reforms, including: (1) ensuring that contractor internal audit groups report to the senior official at each site; (2) developing procedures to document review and approval of contractor annual audit plans; (3) developing procedures that assure the adequacy of contractor internal audit staff levels; and (4) requiring that management and operating contractors submit an annual audit report.

IG-0338, "Audit of Personal Property at Los Alamos National Laboratory." Los Alamos employees use about 129,500 personal property items with an acquisition cost of about \$1 billion. The Inspector General examined property management laws and regulations, applicable departmental orders, the prime contract between the Department and the University of California, and policies and procedures and found that Los Alamos did not have an efficient and effective personal property management system to ensure that personal property was adequately protected, identified, and controlled. The Department directed Los Alamos to establish policies and procedures to ensure that employees are held financially liable and personally accountable for personal property and to include personal property items that can be inventoried in its database.

ER-B-91-05, "Environmental Compliance at Brookhaven National Laboratory." The purpose of the Inspector General's audit was to review and evaluate compliance with environmental laws and regulations at Brookhaven and specifically to determine whether the Department and the Brookhaven National Laboratory have established and implemented policies, procedures, and practices for complying with the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation, and Liability Act. In response to the audit, the Brookhaven National Laboratory: established a training office; identified training needs for each employee and documented completed training; implemented controls to evaluate whether the sewer system is leaking hazardous wastes; initiated a process to establish a complete inventory of liquid emission points; completed work on the sanitary system upgrade; and closed the Brookhaven landfill.

ER-B-92-08, "Imprest Fund at the U.S. Department of Energy Pinellas Plant." The contractor of the Pinellas Plant maintained a \$25,000 imprest fund with annual activity of about \$1.6 million. However, controls over the imprest fund were not in compliance with the Department of Energy order on imprest funds and, as a result, the contractor billed and was reimbursed by the Department for unallowable travel costs for the period October 1, 1988, through May 31, 1992. The Department recovered \$98,342 from the contractor for unallowable travel expenses, disestablished the imprest fund, and required the contractor to use its own funds for advance payments and cash transactions previously handled by the imprest fund.

ER-B-94-01, "Audit of the Small Disadvantaged Business Program at the Savannah River Site." The Inspector General found that the contractor had not maintained adequate records to establish the validity of reported procurements from small disadvantaged business for fiscal years 1990 through 1992. These conditions existed because the contractor had not established adequate internal controls and the Savannah River Operations Office review process had not ensured that proper internal controls were in place. In response to the report's recommendations, the Department is requiring the contractor to improve internal controls and to submit current, complete and accurate information. Savannah River will verify the reports to ensure accuracy.

WR-B-94-01, "Audit of Kaiser Engineers Hanford Company's Award Fee." The Richland Operations Office is responsible for the operation of the Hanford Site and is, therefore, responsible for determining a reasonable award fee for Kaiser Engineers Hanford Company (Kaiser), one of its management and operating contractors. The objective of the audit was to determine if the fees awarded to Kaiser were excessive based on Kaiser's performance. Although Richland did not properly evaluate Kaiser's performance and Kaiser had not properly reported employee accident related injuries and lost days, Richland has developed procedures to ensure adequate verification of Kaiser's activities relative to the established performance objectives. In addition, the Department completed another independent review of Kaiser's accident and injury data, and required that Kaiser take corrective action where files were found to be deficient.

AUDIT REPORT STATISTICAL TABLE

For the Period October 1, 1993, through March 31, 1994

Total Number of Audit Reports (Contract and Financial Assistance) and the dollar value of disallowed costs:

	<u>Number of Reports</u>	<u>Disallowed ^{a/} Costs</u>
Audit reports with management decisions on which final action had not been taken at the beginning of the period	3	\$ 326,557
Audit Reports on which management decisions were made during the period:		
Those issued after enactment of P.L. 100-504	<u>6</u> ^{b/}	<u>1,657</u>
Total audit reports pending final action during the period	9	\$ 328,214
Audit reports on which final action was taken during the period:		
Recoveries (Payments to Contractors).	5	<u>1,084</u>
Audit reports needing final action at the end of the period	<u>4</u> ^{c/}	<u>\$ 327,130</u>

^{a/} The amount of costs questioned in the audit report with which the contracting officer concurs and has disallowed as a claim against the contract. Recoveries of disallowed costs are usually obtained by offset against current claims for payment and subsequently used for payment of other eligible costs under the contract.

^{b/} Agrees with the Inspector General's Semiannual Report to Congress for the same reporting period.

^{c/} Three of the audit reports with management decisions do not have final action within one year. One is awaiting a final voucher submission from the contractor, and two have been turned over to the Department of Justice for collection through the U.S. Attorney's Office.

AUDIT REPORT STATISTICAL TABLE

For the Period October 1, 1993, through March 31, 1994

Total Number of Audit Reports (Operational, Financial and Preaward) and the dollar value of recommendations that funds be put to better use agreed to by management in a management decision:

	<u>Number of Reports</u>	<u>Agreed Upon Funds Be Put To Better Use</u>
Audit reports with management decisions on which final action had not been taken at the beginning of the period	93	\$ 55,289,718
Audit reports on which management decisions were made during the period:		
Operational and Financial	30	\$ 55,021,804
Preawards	<u>1</u>	<u>0</u>
Total	31 ^{a/}	\$ 55,021,804
Total audit reports pending final action during period	<u>124</u>	<u>\$110,311,522</u>
Audit reports on which final action was taken during the period:		
Operational and Financial	39	
Preawards	<u>1</u>	
Value of recommendations completed:		
Operational and Financial		\$ 27,992,822
Preawards		<u>0</u>
Total	<u>40</u>	<u>\$ 27,992,822</u>
Audit reports needing final action at the end of the period	<u>84</u>	<u>\$ 82,318,700</u>

^{a/} Includes three inspection reports not included in the Office of Inspector General's complementary report.

In addition to the \$55,021,804 in recommendations that funds be put to better use with which the Department agrees, there is \$137,354,666 with which the Department disagrees. This amount is associated with 12 operational audits. The Department partially agreed with the estimated amount of cost avoidance in four of these reports and disagreed entirely with the estimate in the other eight reports. These amounts are displayed in a similar statistical table in the complementary Office of the Inspector General's Semiannual Report to Congress.

*Inspector General Operational and Financial Audit and Inspection Reports
Open One Year or More After Management Decision
as of March 31, 1994*

REPORT

STATUS

HEADQUARTERS OFFICES

Administration and Management

AD-91-002 ISSUED 09/05/91 (Management Decision 12/16/91)
REPORT NUMBER: IG-0297
REPORT TITLE: Audit of Cost Effectiveness of Contracting for
Headquarters Support Services
(Agreed Upon Savings: \$5,500,000)

The Inspector General recommended that the Department develop a revised process for the review and approval of requests for contractor support services that would include a cost comparison analysis of Federal versus contractor costs. Where the cost comparison supports conversion of the activity to Federal service, the Inspector General recommended that a systematic process for coordinating with the Office of Management and Budget should be established to ensure that sufficient interim Federal positions are available; additional staffing resources should be made by an adjustment to the Department's personnel base through the annual budget request. A revised process for the review and approval of requests for contractor support services, including conducting cost comparisons, has been established in DOE Order 4200.3D. A working group with representatives of the Department, Office of Management and Budget, General Accounting Office, and Office of Federal Procurement Policy was established and has met to discuss the Department's approach to determine whether performance by Federal staff or contractors would be most effective for the performance of Headquarters support services. A final report is under development and will be presented to the working group by June 1994. The report recommendations should be closed-out shortly thereafter.

AD-93-001 ISSUED 12/16/92 (Management Decision 03/23/93)
REPORT NUMBER: INS-O-93-01
REPORT TITLE: Inspection of Forrestal Parking Permit Allocation
and Assignment

The Inspector General found that the Parking Committee had not been formally established or defined and that there were no formal guidelines for its activities. It also found that there was no Employee Transportation Coordinator for the Forrestal building. Such a coordinator has been designated and trained. DOE Order 1400.2B, "Parking Management," has been revised to establish Forrestal parking policies and procedures. Issuance of the Order is awaiting the agreement of the Employees Union and is expected by September 1994.

REPORT

Civilian Radioactive Waste Management

RW-87-001 ISSUED 10/10/86 (Management Decision 12/16/86)
REPORT NUMBER: IG-0231
REPORT TITLE: Accuracy of Fees Paid by the Civilian Power Industry to the Nuclear Waste Fund

RW-90-005 ISSUED 08/14/90 (Management Decision 02/22/91)
REPORT NUMBER: IG-0287
REPORT TITLE: Credits Due the Department of Energy for Funding High Level Nuclear Energy Waste Management Research and Development

Defense Programs

DP-91-004 ISSUED 09/15/91 (Management Decision 12/23/91)
REPORT NUMBER: IG-0296
REPORT TITLE: Departmentwide Audit of the Visibility Over the Status of Nuclear Materials

STATUS

The report stated that the Department did not have a contract with the State of New York for the disposal of high-level radioactive waste at West Valley and for the payment of fees for such disposal. The estimation of the share of disposal costs that should be assigned to that state has been developed. Discussions with representatives of New York leading to a contract for the disposal of the nuclear waste resumed in October 1991. Followup meetings have been delayed pending development of a joint Office of Civilian Radioactive Waste Management and Office of Environmental Management proposal on how to prioritize and time the several ongoing negotiations with New York and a review of the issues by the General Counsel.

The report recommended that action be taken by the Office of Civilian Radioactive Waste Management and the Assistant Secretary for Environmental Management to complete a Memorandum of Agreement that includes criteria to be applied in determining eligibility for disposal fee credits. Once eligibility criteria are established, a system will be developed to identify all qualifying research and development activities, and to credit DOE for contributions to the Nuclear Waste Fund for those appropriated funds determined to have been spent on research and development projects that benefit the Office of Civilian Radioactive Waste Management programs. Senior management continues to pursue resolution of key issues regarding the Memorandum of Agreement.

The report concluded that DOE needs to make improvements in the nuclear management program and recommended strengthening the overall program and increasing the accuracy of the reporting systems. The Department agrees that improvements to the nuclear materials management program need to be made and is currently revising policy to ensure improvements in the quality of information, accuracy of reports and adherence to the revised policy. Final action is expected by June 1994.

REPORT**Economic Impact and Diversity**

ED-92-001 ISSUED 11/15/91 (Management Decision 02/14/92)
 REPORT NUMBER: IG-0302
 REPORT TITLE: Inspection of DOE's Equal Opportunity Complaint Processing System

Energy Information Administration

EI-90-030 ISSUED 07/19/90 (Management Decision 04/09/91)
 REPORT NUMBER: CR-OC-90-02
 REPORT TITLE: Procurement of Support Services for the Energy Information Administration

EI-91-031 ISSUED 09/30/91 (Management Decision 03/26/92)
 REPORT NUMBER: CR-B-91-02
 REPORT TITLE: Selected Computer System Controls at the Energy Information Administration
 (Agreed Upon Savings: \$55,000)

STATUS

The Inspector General found that the reporting relationship of some field office equal employment opportunity managers was inappropriate; that organizational inefficiencies had delayed complaint processing; that counselors needed more training; and that a pertinent DOE order needed updating. Corrective action is complete for five of the eight recommendations. The remaining three involve the revision of DOE Order 1600 that was issued in September 1992 in response to this report. The June 1993 DOE reorganization, as well as recent changes in Federal regulations and directives, require that the order be revised. Prior to revising the order, an equal employment opportunity conference is scheduled for May 1994 that will address the reporting requirement of field office equal employment opportunity managers.

The Inspector General found that Energy Information Administration support service contracts may be suitable for fixed-priced or similar instruments rather than the more commonly used cost-plus-fixed-fee contract type. The Energy Information Administration is reviewing all support service contracts as they come up for renewal for opportunities to increase its use of fixed-price contracting. All contract actions proposed will be documented regarding contract type to ensure consideration of fixed-price contracting opportunities. Final action is expected by September 1994.

The report stated that the Energy Information Administration needed more efficient disk space management at the Forrestal Computer Facility; proper storage of and access to computer generated data; and a controlled maintenance process. Corrective action is complete on 11 of the 12 recommendations. Review and disposal of old data tape sets continues, with final action expected during June 1994.

REPORT

Environmental Management

EM-90-003 ISSUED 11/28/89 (Management Decision 05/26/90)
REPORT NUMBER: IG-0278
REPORT TITLE: Departmentwide Audit of Carrier Selection and
Invoice Verification
(Agreed Upon Savings: \$3,200,000)

EM-91-002 ISSUED 01/02/91 (Management Decision 06/12/91)
REPORT NUMBER: IG-0293
REPORT TITLE: Testing Laboratory Support to the Environmental
Survey Program

STATUS

The Inspector General found that DOE contractor/shippers were not consistent in following Federal regulations and DOE policy that commercial freight shipments be routed using carriers that can provide the required service at the lowest cost. More costly shipments and some excessive invoice payments occurred because DOE did not contractually require its shipping activities to use low-cost carriers and had not yet fully developed and established a Departmental automated transportation management program for processing shipping transactions and invoice payments. Corrective action on four of the five recommendations is complete. DOE is in the process of developing and implementing the Automated Transportation Management System and the Electronic Data Interchange. During this period, the Integrated Logistics System, a fully operational prototype for a module of the Automated Transportation Management System, was deployed at three additional test sites, bringing the total number of sites to eighteen throughout the DOE complex. Activities continued in the development and deployment of the Electronic Data Interchange module. The Union Pacific Railroad was contacted to participate in it for DOE shipments. DOE is also establishing a partnership with Consolidated Freightway Inc. to pilot test the Electronic Data Interchange transmission of portable data files utilizing two dimensional bar coding technology. Final action is expected in December 1995.

The Inspector General found that quality assurance standards were not effectively enforced and formal quality assurance guidance in operation and management oversight of contracted analytical laboratories was generally absent. The two recommendations still open require the development and implementation of adequate controls over future laboratory analysis of environmental samples through effective contractual agreements and management oversight of laboratory adherence to quality control requirements. Corrective actions on both recommendations are ongoing. DOE has developed a model contract technical statement of work designed to provide analytical services that meet user needs and assure the availability of data necessary to assess participant performance, which is under review. Quality assurance and assessment guidance has been developed and will be distributed to the Field shortly, and a management assessment program is being piloted. Once this program is implemented it will establish management oversight over laboratory quality control. Final action is estimated for September 1994.

REPORT

Environmental Management

EM-91-006 ISSUED 08/16/91 (Management Decision 01/07/92)
REPORT NUMBER: IG-0295
REPORT TITLE: Cost of Environmental Survey Testing
(Agreed Upon Savings: \$3,300,000)

14 EM-92-001 ISSUED 05/05/92 (Management Decision 12/02/92)
REPORT NUMBER: IG-0308
REPORT TITLE: Packaging, Transporting, and
Burying Low-Level Waste
(Agreed Upon Savings: \$8,280,000)

EM-92-006 ISSUED 09/23/92 (Management Decision 02/04/93)
REPORT NUMBER: IG-0315
REPORT TITLE: Followup Audit of Depleted Uranium Metal
Production at the Fernald Environmental Management Project, Fernald,
Ohio

STATUS

The report stated that the Department's environmental testing costs were substantially higher than the Environmental Protection Agency's costs for similar testing at its contract laboratories. The Inspector General found that DOE's costs were higher, in part, because management had not developed an acquisition strategy for procuring laboratory testing services. Instead of using competition through the procurement process, DOE used laboratories with which DOE had existing contracts. Corrective actions on one of the three recommendations is complete. DOE is in the process of developing an acquisition strategy to minimize costs for procuring further analytical testing services for DOE environmental programs, including both the development and enhancement of internal DOE laboratory capacity and acquisition strategy for obtaining the services of private, commercial labs. With regard to quality control requirements for analytical laboratories, a quality assurance requirement document, introducing the Analytical Services Quality Assurance Program, has been completed and is being processed for signature. Final action is expected in September 1994.

This audit found that DOE and its contractors were not using cost-effective methods for packaging, transporting, and buying low-level waste shipped to off-site burial facilities. The Inspector General made seven recommendations for improvement of operations. Actions completed include the revision of DOE policy to allow for the use of commercial disposal of low-level waste generated at off-site locations and the enhanced monitoring of contractors' disposal activities, including cost effectiveness. Completion of corrective action is expected by December 1995.

The report stated that the Department did not complete all corrective actions pertaining to an earlier Inspector General report because it did not fully comply with its audit follow-up requirements. DOE has now decided which projects can be used for environmental restoration at Fernald and has canceled the others. A site development plan is in final draft form and these actions are being tracked at Fernald, as well as at Headquarters. Final action is expected by September 1994.

REPORT

STATUS

Fossil Energy

FE-92-005 ISSUED 08/28/92 (Management Decision 03/30/93)
REPORT NUMBER: ER-BC-92-02
REPORT TITLE: Crude Oil Accountability at the Strategic Petroleum Reserve

The audit report findings were that the Strategic Petroleum Reserve did not capitalize all significant and identifiable crude oil costs, resulting in an understatement of crude oil inventories, and that all necessary documentation to provide reasonable assurance that assets were properly recorded and controlled was not maintained. Of the six recommendations, three remain open. One pertains to entering the correct accounting entries into the Departmental Integrated Core Accounting System; this should be completed shortly. The remaining two recommendations will be closed with the issuance of a local order on crude oil capitalization procedures which is undergoing a final local review and will be finalized after Headquarters approval. This is expected by September 1994.

Nuclear Energy

NE-92-001 ISSUED 12/03/91 (Management Decision 07/18/92)
REPORT NUMBER: IG-0304
REPORT TITLE: Concerns with the Effectiveness of the Department's Quality Assurance Program Regarding Product Substitution Issues

During its inspection of several DOE facilities, the Inspector General found suspected substandard parts in use and in inventory and concluded that the Department's efforts to resolve product substitution issues had not been successful. The report contained recommendations for a Department-wide approach to the development of policies, procedures and training on this issue and for site specific actions. Corrective actions are complete on 11 of the 14 recommendations. Ongoing activities include the establishment of a working group to coordinate actions against suspect and counterfeit parts, a training program and increased use of the DOE data base. Final action is expected by September 1994.

Procurement and Assistance Management

PR-87-004 ISSUED 06/01/87 (Management Decision 01/22/88)
REPORT NUMBER: IG-0240
REPORT TITLE: Management and Operating Contractors' Pension Plans

The findings of this report were that the Department needed to improve its oversight of management and operating contractor pension plans to reduce expenditures and to develop a policy to prevent contractors from unilaterally terminating pension plans and keeping excess assets. The departmental policy on funding levels of contractor pension plans was revised to a goal of maintaining an equilibrium between assets and present value of accrued benefits. This policy was formally issued in a letter to all operations offices in November 1989. A second draft of Order DOE 3830.1, which establishes policy in all aspects of contractor pension plans, was coordinated within the Department and numerous comments were received. Outstanding issues have been resolved and the order is under final management review, with issuance anticipated by September 1994.

REPORTProcurement and Assistance Management

PR-90-003 ISSUED 04/27/90 (Management Decision 04/27/90)
 REPORT NUMBER: IG-0281
 REPORT TITLE: Inspection of the Lawrence Livermore National Laboratory's Drug-Free Workplace Program

Security Affairs

SA-85-001 ISSUED 09/30/85 (Management Decision 01/17/86)
 REPORT NUMBER: IG-0220
 REPORT TITLE: Nuclear Safeguards and Security

SA-91-004 ISSUED 09/30/91 (Management Decision 01/30/92)
 REPORT NUMBER: IG-0299
 REPORT TITLE: Inspection of Surveillance Equipment and Activities at the DOE Richland Operations Office

SA-92-003 ISSUED 11/21/91 (Management Decision 04/08/92)
 REPORT NUMBER: IG-0303
 REPORT TITLE: Inspection of Work for Others Project at DOE Albuquerque Operations Office

STATUS

The Inspector General found that Lawrence Livermore National Laboratory did not have a random drug testing program and recommended that publication of the federal rules regarding the Personnel Security Assurance Program and the contractor Drug-Free Workplace Program be expedited in order to provide the authority necessary for the DOE contractors' Human Reliability Program to fully function. The final rule, which incorporated all Human Reliability Program requirements, became effective on August 21, 1992. The Inspector General also recommended that the Department assign central responsibility for the Human Reliability Program and establish a reporting system, which also has been accomplished. Final action is awaiting the clarification of DOE policy regarding the confidentiality of contractor employees' self-referral to the employee assistance program for substance abuse problems. This will be affected by a directive, which is expected to be issued during June 1994.

This is an extensive classified report on nuclear safeguards and security at DOE facilities. It had 83 recommendations, 78 of which have been closed to date. Action on several of the five recommendations still open has been delayed because it is dependent on the availability of funds for capital improvements at DOE facilities. The target date for final action on these remaining recommendations is January 1997.

The report addressed DOE surveillance activities which included procedures, training, types of surveillance equipment, and management controls over the equipment and activities. The Inspector General recommendations still open require that procedures be established concerning the acquisition, control, and disposition of equipment. The policy and procedures which were developed in response to this report are being held in obedience until an evaluation of the Technical Surveillance Countermeasures Program is completed. This is expected by September 1994.

The Inspector General addressed the need for additional procedural requirements to implement DOE orders, improve management coordination, and improve associated documentation; analysis of current procurement and security regulations and policies; and establishing and publishing a DOE policy on the conduct of polygraph examinations in certain circumstances associated with intelligence related activities. The review of current regulations and policies is complete; revisions are being made and new requirements will be included in the draft order that is currently being reviewed. Issuance is expected by January 1995.

REPORT

STATUS

FIELD OFFICES

Albuquerque Operations Office

AL-91-017 ISSUED 09/27/91 (Management Decision 02/20/92)
REPORT NUMBER: WR-B-91-08
REPORT TITLE: Review of Contractors' Personnel Security
Clearances at the DOE Albuquerque Operations Office

The recommendation in this report was that the Albuquerque Operations Office should reevaluate the need for "Q" security clearances held by management and operating contractor employees and, if the clearances cannot be appropriately justified, direct that such clearances be downgraded or terminated. The Department has evaluated the justifications for management and operating contractors security clearances; established policy requiring clearances be granted based on the level of access needed to perform specific functions; and directed contractors to develop action plans to reduce the number and level of security clearances. Final action is awaiting Albuquerque's evaluation of the contractors' implementation of those plans and is expected by September 1994.

AL-91-019 ISSUED 09/30/91 (Management Decision 12/06/91)
REPORT NUMBER: WR-BC-91-02
REPORT TITLE: Report on Financial Administration of Work for
Non-Federal Sponsors, DOE Albuquerque Operations Office

Federal laws and regulations required the Department to aggressively pursue collection of amounts owed the Government. Corrective action on seven of the eight recommendations is completed. The Office of the Inspector General recommended that Albuquerque Operations Office obtain an Office of General Counsel opinion on whether the Federal Claims Collection Standards apply to the Mesa Diagnostics funds-in agreement. Background information regarding the decision on the Mesa agreement originally made by Albuquerque and a request for an opinion thereon was sent to the Office of General Counsel in March 1994. The target completion date is September 1994.

AL-92-002 ISSUED 02/20/92 (Management Decision 06/03/92)
REPORT NUMBER: ER-B-92-02
REPORT TITLE: EG&G Mound Applied Technologies Payroll System

This audit found that the contractor, EG&G, had poor internal controls over its payroll system. Corrective action is complete on four of the five recommendations. Modification of the payroll system to restrict access to payroll files has been delayed because of the urgency to implement the Mound Integrated Cost System to accommodate task order contracting. The target completion date is December 1994.

Fernald Field Office

FN-92-001 ISSUED 08/20/92 (Management Decision 12/16/92)
REPORT NUMBER: ER-BC-92-04
REPORT TITLE: Computer-Processed Financial Data at Westinghouse
Environmental Management Company of Ohio

The report stated that Westinghouse did not have adequate procedures or computer system controls for selected computer-based financial data, nor an effective computer security system. Corrective actions are complete on 11 of the 13 recommendations. A disaster contingency plan for maintaining continuity of operations is being finalized and will be tested in September 1994.

REPORT

Nevada Operations Office

NV-92-003 ISSUED 05/21/92 (Management Decision 03/10/93)
REPORT NUMBER: IG-0310
REPORT TITLE : General Management Inspection of the Nevada Operations Office

Oakland Operations Office

SF-90-006 ISSUED 09/28/90 (Management Decision 09/30/91)
REPORT NUMBER: IG-0290
REPORT TITLE: General Management Inspection of the San Francisco Operations Office

SF-91-004 ISSUED 03/11/91 (Management Decision 09/19/91)
REPORT NUMBER: WR-VC-91-22
REPORT TITLE: Internal Controls That Assure FY 1989 Costs Claimed By and Reimbursed to Stanford Linear Accelerator (SLAC) are Allowable Under DOE Contract No. DE-AC03-76SF00515

STATUS

The Office of Inspector General conducted a general management inspection of the Nevada Operations Office and made recommendations for improvements in the areas of worker safety and health, environmental compliance, contract management, reimbursable work, safeguards and security, quality assurance, project management, and intelligence. Of the 177 recommendations made, 14 remain open pending finalization of corrective actions by Nevada and 6 Headquarters organizations. It is expected that corrective actions relating to the majority of remaining recommendations will be completed by the end of fiscal year 1994. However, completion of actions involving organizations external to DOE will require longer term efforts.

The Inspector General performed a general management inspection of the former San Francisco Operations Office, now the Oakland Operations Office, and made recommendations in the areas of management and operating contract management, administration, environment and safety, quality assurance, facilities and management services, energy programs, defense programs, and general management of the Operations Office. Because a number of the Inspector General's findings related to implementation of DOE policies and procedures, some recommendations were addressed to Headquarters organizations. Of the 65 recommendations, 8 still require corrective action. Implementation of several recommendations was completed with the signing of the management and operating contract with the University of California. Other remaining corrective actions are longer term in nature.

The Inspector General recommended that DOE ensure that property controls are in place which will protect the Department's assets at the Stanford Linear Accelerator. Property Management Instructions were issued to Stanford which conform to the DOE and Federal Management Regulation requirements. A Personal Property Management Review was conducted in 1992 and a report issued that gave Stanford's Property Management System an overall rating of marginal. As a result of this report, a revised corrective action plan was prepared which addressed the tasks and proposed actions required to remedy the deficiencies. In March 1994, another Personal Property System Review was conducted which reflected almost the identical weaknesses as the earlier review. Stanford is committed to achieving a DOE-approved property management system by March 1995.

REPORT

STATUS

COST ALLOWABILITY AUDITS

SF-91-011 ISSUED 09/23/91 (Management Decision 01/22/92)
REPORT NUMBER: WR-V-91-05
REPORT TITLE: Internal Controls That Assure FY 1991 Costs Claimed By and Reimbursed to Lawrence Berkeley Laboratory are Allowable Under Department of Energy Contract DE-AC03-76SF0098

The Inspector General found that the management and operating contractor had not conducted adequate internal audits of costs claimed. The audits have been conducted and accepted by the Inspector General. In addition, the Contracting Officer has made a preliminary determination to disallow some travel costs, and a final decision is expected shortly. Final action is anticipated by June 1994.

AL-91-023 ISSUED 03/01/91 (Management Decision 06/10/91)
REPORT NUMBER: WR-VC-91-30
REPORT TITLE: Internal Controls That Assure Fiscal Year 1989 Costs Claimed By and Reimbursed to Rockwell International Corporation are Allowable Under DOE Contract DE-AC04-76DP03533

The Inspector General found that the management and operating contractor had not conducted adequate internal audits of costs claimed. The audits have been performed and the audit reports issued and provided to the Inspector General. Final action is awaiting a Contracting Officer's final determination on questioned costs.

AL-91-024 ISSUED 03/11/91 (Management Decision 06/10/91)
REPORT NUMBER: WR-VC-91-38
REPORT TITLE: Internal Controls That Assure Fiscal Year 1990 Costs Claimed By and Reimbursed to Rockwell International Corporation and EG&G Rocky Flats, Inc. are Allowable Under DOE Contract DE-AC04-76DP03533 and DE-AC04-90DP62349

Same as above.

RF-92-002 ISSUED 03/17/92 (Management Decision 09/22/92)
REPORT NUMBER: WR-V-92-08
REPORT TITLE: Internal Controls That Assure Fiscal Year 1991 Costs Claimed By and Reimbursed to EG&G Rocky Flats, Inc. are Allowable Under DOE Contract DE-AC04-90DP62349

A cost estimate to implement the necessary corrective actions was developed and provided to the Inspector General. Subsequently, EG&G developed a corrective action plan which was agreed upon by Rocky Flats and the Inspector General. The plan is currently being implemented and its effectiveness evaluated. Final action is expected in June 1994.

PR-92-205 ISSUED 07/29/92 (Management Decision 12/17/92)
REPORT NUMBER: CR-V-92-04
REPORT TITLE: Internal Controls for Fiscal Year 1991 Costs Claimed By and Reimbursed to TRW Environmental Safety Systems Under DOE Contract DE-AC01-91RW00134
(Agreed Upon Savings: \$368,429)

The Inspector General reported that TRW had not conducted required allowable cost audits; had made executive compensation without prior approval; and, had incurred certain restaurant and equipment costs which were questionable. The audits have been performed and the analysis of the executive compensation will be completed shortly. A Contracting Officer's decision on the questioned costs should be rendered by June 1994.

REPORT

STATUS

LITIGATION

ID-90-006 ISSUED 12/19/89 (Management Decision 02/13/91)
REPORT NUMBER: WR-O-90-01
REPORT TITLE: Unrecovered Costs on Interagency Agreement
No. TV-68345A Between the Tennessee Valley Authority and the Idaho
Operations Office
(Agreed Upon Savings: \$3,253,510)

This report is currently in litigation.

NOTE: Those reports for which the management decision agrees with recommendation(s) that funds be put to better use include the amount agreed to in parenthesis under the report title.

**DATE
FILMED**

6 / 23 / 94

END