1 of 1

United States Government

Department of Energy

memorandum

DATE May 17, 1993

REPLY TO
ATTN OF IG-1

SUBJECT INFORMATION: Report on "Inspection of Management of Excess
Personal Property at Rocky Flats"

TO The Secretary

BACKGROUND:

We conducted an inspection of excess personal property at Rocky Flats. The purpose of our inspection was to evaluate the current status of excess personal property storage and disposal at Rocky Flats, and the economy and efficiency of current storage and disposal practices. EG&G Rocky Flats, Inc. is responsible for managing Department of Energy excess personal property accounts of approximately 9,600 line items with a value of over \$17 million.

In January 1990, EG&G Rocky Flats, Inc. assumed prime contract responsibility at the Rocky Flats Plant. This responsibility was transferred from Rockwell International. The EG&G Rocky Flats, Inc. property manager has overall responsibility for managing all government personal property at the Rocky Flats Plant site.

DISCUSSION:

Our inspection revealed that immediate management attention is needed to properly control, store, and dispose of excess personal property at Rocky Flats. The current system of operation does not allow for efficient, timely, and cost effective management. In addition, the current storage and disposal practices are not consistent with contract requirements or Department of Energy policies and procedures.

During our inspection, we noted that the EG&G Rocky Flats, Inc. property management system has not been approved by the Department of Energy as required by the contract and Departmental policies and procedures. An acceptable physical wall-to-wall inventory has not been completed. Moreover, a Department of Energy in-depth personal property management review has not been performed. Subsequent to our field work, the Rocky Flats Office Assistant Manager for Administration issued a letter on December 11, 1992, to the EG&G Rocky Flats, Inc. General Manager citing deficiencies in the protection and control of government property and reemphasizing the contractor's responsibility over personal property management.

MASTER

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In October 1990, a property release moratorium was levied which halted the flow of excess personal property and resulted in a significant backlog of excess and surplus property being stored improperly at the Rocky Flats Plant site. The moratorium stopped the reporting, shipping, and disposing of government personal property. Some valuable items of government personal property were stored in outside areas and exposed to the elements for prolonged periods of time. The method used to store personal property outside is in violation of Department of Energy Property Management Regulations and the contract.

The moratorium was designed to be lifted in three phases. In October 1991, Phase I of the moratorium was lifted, providing EG&G Rocky Flats, Inc. the opportunity to begin the processing and disposing of excess property held in three warehouses. On April 27, 1993, EG&G Rocky Flats, Inc. was authorized to enter Phase II of lifting the moratorium. The lifting of Phase II of the moratorium allows excess property to be processed from any location on the plant site.

We also found that some deficiencies identified in the 1989 Personal Property Management Review, conducted by the Albuquerque Field Office, had not been complied with or needed further review.

In commenting on this report, the Acting Manager, Rocky Flats Office, concurred with the findings and recommendations and identified corrective actions taken or planned.

John C. Layton
Inspector General

Attachment

cc: Acting Manager, Rocky Flats Office
Director, Rocky Flats Program
Office, DP-6.1

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL

INSPECTION OF MANAGEMENT OF EXCESS
PERSONAL PROPERTY AT ROCKY FLATS

Report No. DOE/IG-0329
Date Issued: May 17, 1993

Office of Inspections
Washington, D.C. 20585

INSPECTION OF MANAGEMENT OF EXCESS

PERSONAL PROPERTY AT ROCKY FLATS

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**OFFICE OF INSPECTOR GENERAL
OFFICE OF INSPECTIONS
WASHINGTON, D.C. 20585**

**INSPECTION OF MANAGEMENT OF EXCESS
PERSONAL PROPERTY AT ROCKY FLATS**

PURPOSE AND SCOPE

The purpose of this inspection was to evaluate the current status of excess personal property storage and disposal at Rocky Flats, and the economy and efficiency of current storage and disposal practices. Specifically, we sought to determine if EG&G Rocky Flats, Inc. (EG&G) personal property storage and disposal practices are consistent with contract requirements and DOE policies and procedures. We evaluated whether valuable government property is protected and disposed of in the most efficient manner, and if long term storage needs can be met with reduced requirements for costly leases or new construction. We evaluated whether EG&G's system for conducting radiological monitoring and utilization screening of personal property items is efficient, timely, and cost effective in the context of property disposal. We evaluated whether EG&G had properly implemented actions to comply with moratorium requirements for property disposal, and if these actions were efficient and timely.

As part of our review, we interviewed Headquarters officials, Rocky Flats Department of Energy (DOE) officials, and EG&G contractor personnel responsible for the management and administration of excess personal property at the Rocky Flats Plant site. We also reviewed files and associated documentation for the period July 1988 through December 1992. On site reviews were conducted during September and November 1992. In addition, we conducted a limited judgmental sample of excess property awaiting shipment to other plant sites and items located in the excess warehouse.

SUMMARY

Our inspection revealed that immediate management attention is needed to properly control, store, and dispose of excess personal property at Rocky Flats. The current system of operation does not allow for efficient, timely, and cost effective management. The current storage and disposal practices are not consistent with contract requirements or DOE policies and procedures.

During our inspection, we noted that the required property management system has not been approved by DOE. An acceptable physical wall-to-wall inventory has not been completed. Moreover, a DOE in-depth personal property management review has not been performed. Subsequent to our field work, the DOE Rocky Flats Office Assistant Manager for Administration issued a letter on December 11, 1992, to the EG&G General Manager citing deficiencies in the protection and control of government property and reemphasizing the contractor's responsibility over personal property management.

Due to a mission change and the priorities established for waste management and building restoration, EG&G had not properly implemented actions to comply with moratorium requirements which impact timely property disposal. Some valuable items of government personal property was being stored in outside areas and exposed to the elements for prolonged periods of time. The method used to store personal property outside is in violation of DOE Property Management Regulations and the contract.

We noted that property located in the excess property warehouse awaiting shipment was not prioritized to ensure timely processing. Some items identified as excess to plant requirements were not reported to DOE or General Services Administration for utilization screening. There was no system established to identify excess property that required monitoring and processing. Productivity of radiological technicians was adversely impacted by a lack of supervision. Also, the system for implementing the actions necessary to comply with the requirements of the moratorium was not effective.

We noted that some deficiencies identified in a 1989 Personal Property Management Review conducted by DOE Albuquerque Field Office in regards to management of excess property had not been complied with or needed further review. Our inspection determined that additional long term storage needs potentially can be met without resorting to costly leases or new construction. However, the need for additional long term storage can only be eliminated if excess personal property is processed in a timely manner and Phase II of the moratorium is lifted.

We included in our inspection an observation on the EG&G award fee program as it applies to personal property management. We noted that the overall property management function is a small portion of the overall award fee program.

BACKGROUND

An OIG Hotline allegation was made by an anonymous complainant who stated that valuable property was being abused by exposing it to the weather for long periods of time. It was alleged that

items such as computers, office furniture, and maintenance materials were stored outside. Our initial review found support for the basic allegation. Serviceable items (some with possibly high dollar value) were sometimes stored outside due to the lack of inside warehouse space. Figure 1 depicts a landscape view of the west side of the laydown area. It was found that Rocky Flats currently has more personal property awaiting disposal than facilities to store it. Warehouse space at Rocky Flats was full because of (i) the necessity to radiologically monitor personal property items prior to release for disposal, and (ii) a moratorium on the disposal of personal property at Rocky Flats which resulted from a contaminated item being improperly stored in an off-site warehouse.

Figure 1. A landscape view of the west portion of the laydown area.

In January 1990, EG&G Rocky Flats, Inc. assumed prime contract responsibility at the Rocky Flats Plant. This responsibility was transferred from Rockwell International. The EG&G Rocky Flats,

Inc. property manager has overall responsibility for managing all government personal property at the Rocky Flats Plant Site. The DOE Rocky Flats Office (RFO), subcontractors, and EG&G functional areas property accounts are subaccounts of the overall EG&G property manager's organizational account. An official from the EG&G Rocky Flats property manager's office told us that they accounted for over 81,000 line items of accountable personal property worth approximately \$565 million. Of this amount, identifiable excess personal property accounts for 9,600 line items valued at over \$17 million.

Department of Energy Acquisition Regulation (DEAR) Part 970, "Management and Operating Contracts," and the Code of Federal Regulations (CFR) Title 41, Chapter 109, "Department of Energy Property Management Regulations" prescribes the Department of Energy policy for personal property management. The standard DOE property clause contained in DEAR 970.5204-21 has been included in the EG&G contract. Subparagraph (i) of that clause states that:

"The contractor shall maintain and administer a property management system, subject to the approval of the contracting officer, that accounts for and controls the utilization, maintenance, repair, protection and preservation of government property in its possession under the contract. The contractor's property management system shall be maintained and administered in accordance with sound business practices, DOE Property Management Regulations (PMR), and such directives or instructions which the contracting officer may from time to time prescribe."

Guidelines for adequate storage of all government property are found in the DOE Property Management Regulations (PMR). DOE PMR 109-28.001-51, "Storage Guidelines", states that:

"Indoor storage areas should be arranged to obtain proper stock protection and maximum utilization of space within established floor load capacities. Storage yards for those items not requiring covered protection shall be protected by locked fenced enclosures to the extent necessary to protect the government's interest. Property should be stored according to the kind of protection required. All items must be protected from fire and theft. Certain items require protection from dampness, heat, freezing, or extreme temperature changes. Others must be stored away from light and odors, protected from vermin infestation, or, because of their hazardous characteristics, stored separate from other stocks. These factors, as well as maximum protection of property against all causes of deterioration or destruction, must be considered in selecting proper storage locations. Furthermore, orderly arrangement is essential to efficient

operation of storehouses. All items should be arranged so that nomenclatures and quantities may be readily determined."

41 CFR 109-43.3, "Utilization of Excess" states that:

"It is the policy of DOE to consider excess property as the first source of supply. In no case, however, will excess property be acquired unless a present or foreseeable program need exists for the property. In carrying out this policy, the objective of which is to obtain maximum effective and economical utilization of property already owned by the Federal Government," consideration should be given to such factors as (a) nature and cost of any repairs required to restore excess equipment to a safe, dependable, and economical operating condition; (b) duration of the job on which the equipment will be used; ... and (d) handling and transportation costs involved in acquisition of excess property."

RESULTS OF INSPECTION

The results section of the report is divided into the following four sections:

- A. CONTRACT CHANGEOVER ISSUES
- B. MORATORIUM ISSUES
- C. ADDITIONAL EXCESS PROPERTY ISSUES
- D. AWARD FEE OBSERVATIONS

A. CONTRACT CHANGEOVER ISSUES

Effective January 1, 1990, a Rocky Flats Plant Three Party Transfer Agreement was approved to transfer contractual responsibility from Rockwell International Corporation (Rockwell) to EG&G. The third party to the agreement was the Contracting Officer of the United States Department of Energy at the Albuquerque Field Office. The three party agreement provides that, after DOE reviews and approves the property account, accountability for all such government property shall be transferred to EG&G. EG&G shall perform a complete physical inventory of all such controlled property in accordance with DOE PMR 109-1.5106-5 (sensitive items -- annually; capital equipment -- every two years; and administrative equipment -- during the first two years of the EG&G M&O contract). This inventory shall become the base line from which EG&G's future performance is evaluated.

As discussed in more detail in the following section, we found that the Contractor had not developed the required approved property management system and the personal property inventory was incomplete. Also, DOE Rocky Flats Office (RFO) personnel had not conducted the required in-depth property management review.

Approved Property Management System

The EG&G property management system has not been approved by DOE RFO. In accordance with the EG&G Rocky Flats, Inc. prime contract (contract no. DE-AC04-90DP62349) with DOE and DOE PMR 109-1.5201, the Contractor shall develop, maintain and administer a property management system. The system should be reviewed by the DOE RFO "property administrator within one year after the execution date of the contract, and the property administrator shall approve or disapprove the system, in writing." The contracting officer makes final approval of the property management system. "The purpose of the system review is to determine whether the system will adequately protect, maintain, utilize, and dispose of government personal property in accordance with the Federal Property Management Regulations (FPMR), the DOE-PMR, and applicable DOE directives."

According to the Rocky Flats DOE Property and Information Management Branch Chief, the contractor had not forwarded a complete set of property procedures to DOE for approval nor had a review of the system been completed. The Branch Chief said that no system could be approved until property management procedures are submitted to DOE for review and approval, a completed base line inventory was accepted, a property management review performed, and significant improvements made on deficiencies noted in the 1989 Personal Property Management Review. Subsequent to our field work, the DOE Rocky Flats Office Assistant Manager for Administration issued a letter on December 11, 1992, to the EG&G General Manager reemphasizing the Contractor's responsibility over personal property management. The letter stated that "representatives from RFO and the DOE Inspector General Office, found government property in the Protective Laydown area, J.A. Jones storage area, Building 334 area in the Property Utilization and Disposal (PU&D) storage area without adequate protection from the elements." The letter also stated that "under the Avoidable Costs rule, EG&G is liable for direct damage to government property by any EG&G or subcontractor personnel at any level."

We believe that as a result of deficiencies we noted in the management of excess property, the DOE RFO Contracts and Services Division Director must ensure that the Contractor comply with the provision of the contract that requires the submission of the property management procedures for review.

Personal Property Inventory

A personal property inventory required for transferring property accountability from Rockwell to EG&G was completed but not totally accepted by DOE RFO. Under the terms of the three party transfer agreement, EG&G was required to perform a wall-to-wall inventory within two years of the contract date to establish a base line inventory for transfer of property from Rockwell to EG&G. This inventory would then become the base line from which EG&G's future performances will be evaluated. As of December 1992, an acceptable base line inventory had not been performed.

A physical inventory of government personal property at the Rocky Flats Plant began in December 1990 and ended in September 1991. The inventory, which was performed by property custodians, revealed that over 5,900 line items worth over \$33 million could not be located. A reconciliation effort to validate inventory balances began in October 1991 and continued through March 1992. The 1991 inventory established an interim base line of 67,024 controlled line items valued at \$538 million for EG&G. As a result of concerns with the methodology used in completing the 1991 inventory and reconciliation, the DOE Rocky Flats Manager directed that another wall-to-wall inventory be performed by EG&G contractor property management personnel. The second inventory started in July 1992 and is projected to be completed by June 1993. After the second inventory is completed, a reconciliation will be performed, an approved base line will be established for EG&G, and items that are not located will either be retired or written off the account. This follow-on inventory will be used to adjust many of the balances and discrepancies identified in the FY 1991 physical inventory.

On April 9, 1992, the DOE Rocky Flats Office issued a directive, RFI 5000.3A, "Identifying and Reporting Avoidable Cost", which holds Rocky Flats' contractors, subcontractors, and consultants accountable for increased cost or expenses resulting from negligence or the willful misconduct in the use of government property. The avoidable costs principles were incorporated in the EG&G contract with the issuance of Modification 18, dated August 25, 1991.

Property Management Review

A Property Management Review is required to ensure that the contractor complies with the terms of the contract and is managing personal property in accordance with their approved policies and procedures and the FPMR and DOE PMR. The required property management review had not been performed. In accordance with DOE PMR 109-1.5204, a property management appraisal must be performed "at least every two years after the execution date of the contract." The prime contract was executed in January 1990.

DOE PMR states that: "the property administrator shall make an appraisal of the Contractor's property management operation. The appraisal may be based on a single formal in-depth review on-site or a series of formal reviews of the functional segments of the contractor's property management system." The review should determine "... if the contractor is managing government personal property in accordance with its previously approved policies and procedures, the Federal Property Management Regulations (FPMR), the DOE PMR, and applicable DOE directives. The property administrator shall bring deficiencies, in the contractor's property management operation, to the attention of the contractor's management for correction." Although a comprehensive property management review has not been performed, a review of the vehicle management program had been conducted.

According to the Rocky Flats DOE Property and Information Management Branch Chief, the required in-depth property management review was not performed because: (i) the contract was transferred from Rockwell to EG&G and a base line inventory needed to be completed, (ii) a change in field operation reporting procedures occurred, (iii) there was a lack of adequate staff, and (iv) EG&G did not complete corrective action necessary to comply with the 1989 property management review. More specifically:

- (i) The three party contract agreement between Rockwell, EG&G, and DOE Albuquerque Field Office allowed EG&G personnel two years to perform a base line inventory. The inventory was considered necessary prior to other property management efforts being initiated.
- (ii) In July 1989, the Rocky Flats Office assumed line management responsibility for operations at Rocky Flats. This responsibility was transferred from the Albuquerque Field Office and required the Rocky Flats Office to report directly to the Assistant Secretary for Defense Programs.
- (iii) The DOE Rocky Flats Office lacked sufficient staff to adequately perform the type of in-depth property management review required. As a result of the restructuring, the Rocky Flats Office Administrative Branch started with four individuals. Today, the Assistant Manager for Administration has 40 individuals assigned. The property administrator had other additional duties such as the computer monitor, Freedom of Information Act (FOIA) monitor, employees suggestion coordinator, and funds-in agreement (work-for-others) monitor. Moreover, the property administrator position was vacant from March to July 1992.

- (iv) The Branch Chief felt that the contractor had not completed final implementation of corrective action necessary to comply with the 1989 Property Management Review performed by the Albuquerque Field Office.

B. MORATORIUM ISSUES

Moratorium Background

In October 1990, the DOE Rocky Flats Office imposed a moratorium on the unconditional release of property from the Rocky Flats Plant site to the general public. The moratorium was imposed by the DOE Rocky Flats Safety Division and initiated due to an incident in which a contaminated motor was discovered off-site in a Rocky Flats warehouse used for excess property. The motor was contaminated with levels of radioactivity above those approved for release to the general public. The moratorium on the unconditional release of materials and equipment was to be lifted only when EG&G had sufficient equipment and monitoring procedures to meet the requirements of DOE Order 5400.5, "Radiation Protection of the Public and the Environment" and DOE Order 5480.11, "Radiation Protection for Occupational Workers."

The moratorium has resulted in a significant backlog of excess and surplus property, filling existing warehouse space, and causing property to be stored in outside areas of the plant site. Some of this property is subject to deterioration through exposure to the weather and potential misappropriation as it is stored in open areas.

The moratorium was designed to be lifted in three phases due to the large amount of personal property in warehouses and functional areas awaiting disposition. Conditions of all releases specified that materials and equipment meet the requirements of DOE Order 5400.5; Health and Safety Practices (HSP) 18.10, "Release of Property for Conditional and Unrestricted Use"; and Radiological Operating Instruction 3.02 "Survey Requirements for Conditional and Unrestricted Use." On October 31, 1991, Phase I of the property release moratorium was lifted. As of January 15, 1993, Phases II and III of the moratorium have not been lifted. The following is a breakdown for each phase:

- Phase I allowed for the unrestricted release of materials and equipment from buildings 020 (excess warehouse in Broomfield), 061 (organizational property warehouse) and 130 (Rocky Flats Plant shipping/receiving warehouse) to any locations outside of the Rocky Flats Plant site.

- Phase II is to provide a mobile team capable of moving to any location within the Rocky Flats Boundary or able to support Rocky Flats Facilities by monitoring items and equipment for unrestricted release.
- Phase III provides monitoring capabilities for unrestricted release at the step-off pad (Radiologically Controlled Areas). Phase III also requires all Radiation Protection Technician (RPTs), RPT Foreman and Radiological Building Engineers to be trained and the required monitoring equipment to be used.

In accordance with DOE Order 5400.5 and HSP 18.10, property can be released as conditional or unrestricted. Procedures allow for conditional release of property from a Radiologically Controlled Areas, Radiological Area, or other buildings for controlled transfer to be used within the Plant boundary. Conditional release property must have the Material Transfer, "Conditional Release Only Tag", affixed. Unrestricted release property must possess a properly completed Material Transfer Tag (RF-47555) which denotes approval for the unrestricted release of property from a Radiologically Controlled Areas (RCA) or an uncontrolled area without restriction on future movement or disposal. Also, a Property Release Evaluation form is to be attached to the property.

(i) Monitoring Process

EG&G Radiological Operations, utilizing personnel called Radiation Protection Technologists (RPTs), is responsible for monitoring property using standard survey techniques specified in Radiological Operation Instruction (ROI) 3.02, "Survey Requirements for Conditional and Unrestricted Use"; ROI 3.01, "Performance of Surface Contamination Surveys"; and ROI 6.05, "Use of the Bicron Frisk-Tech with the A-100 and B-50 Detectors." When Radiological Operations or Radiation Protection Technologists have questions or comments about a piece of property, the property is turned over to Radiological Engineering. The Radiological Engineer is responsible for establishing methods to meet release criteria established by DOE, defining acceptable contamination survey methods, and determining which buildings or areas are considered exempt from radiological controls.

(ii) Screening Process

Property identified as being eligible for unrestricted release with respect to radiological controls, and no longer required by Rocky Flats Plant (RFP) organizations, is transferred to Property Utilization and Disposal (PU&D) for reutilization or disposal. PU&D circulates lists of available excess personal property for

reutilization to RFP organizations for 30 days. Property which is not reutilized on the plant site within the 30-day screening period becomes excess to RFP needs and is reported or circulated DOE-wide for utilization screening. Excess RFP property is made available to DOE facilities for a period of 30 days. Property which is not requested by another DOE facility during the 30-day screening period becomes excess to the DOE and is then reported for 30 days to the General Services Administration for Federal utilization screening. Property which is not requested by another Federal agency during this screening period becomes surplus to the U.S. Government and is then made available to state agencies and eligible donees for a donation screening period of 21 days. Property which is not requested during donation screening is then sold at public sale.

As discussed in more detail in the following section, the method used to store property in outside storage areas was not in compliance with DOE Property Management Regulations and the contract, excess government property was not processed in a timely manner, and the system used to radiologically monitor personal property was not properly managed. Also, actions necessary to comply with the requirements of the moratorium were not effective.

Outside Storage Areas

Laydown Yard

-- Property Storage

The Contractor failed to properly administer provisions of the contract by allowing valuable government personal property to be kept in outside storage areas without adequate protection, exposing this property to the elements for prolonged periods of time. The method used to store personal property outside is not in compliance with DOE Property Management Regulations and the contract. The property stored outside includes furniture, machine tools, new spools of cable, boxes of couplings, parts of computer equipment, glove boxes, and other items. The main laydown yard was located in the Protected Security Area in a open field covering about 3 to 5 acres. Figure 2 shows a landscape section of the laydown area where some serviceable items are stored. Figures 3 through 5 depict close-ups of selected excess property awaiting to be processed by the Property Utilization and Disposal function personnel. Some examples of personal property located in the laydown area include:

<u>Item</u>	¹ <u>Condition</u>	<u>Date Placed Outside</u>	<u>Acquisition Cost</u>
Glove box	Fair	Prior to 4/90	\$15,384
Conveyor	Good	APR 91	3,000
Clamp Side (I-Beam)	Good	Unknown	4,007
Dry material feeder	Good	OCT 90	1,795
Switch gear	Good	OCT 92	20,000
Air Conditioner	Good	APR 91	1,477
Partitions (12EA)	Fair	NOV 91	4,332
Beacons (25EA)	Good	AUG 92	9,925
Rings, Stainless (BX)	Good	NOV 91	6,000
Vacuum (Atmo)	Good	NOV 91	15,000

In October 1990, DOE RFO imposed a moratorium on the unconditional release of property from the Rocky Flats Plant to the general public for unrestricted use. At the time of the moratorium, the excess property warehouse was almost filled to capacity. After the moratorium was imposed, no property was allowed to leave the plant site or be placed in the excess warehouse which was located about ten miles from the Rocky Flats Plant.

* * * * *

¹ Condition = Standard disposal condition code assigned to property by property custodians or property management personnel. This code is intended to most accurately describe the condition of the property at the point and time the property was placed in the laydown area.

Figure 2. Sectional view of glove box and welders.

Figure 3. Close-up photograph of glove box and welders.

Figure 4. Close-up photograph of beacons and computer components.

Figure 5. Close-up photograph of electronic components parts.

The EG&G property manager stated that the two main reasons for property being placed in the laydown area were: 1) while planning for an upcoming DOE Security Inspection and Evaluation, property custodians were told to move all excess property out of the work area, and 2) a Rocky Flats security inspection determined that excess property laying outside of buildings posed a security risk and the property must be relocated. The present plan requires property to remain in the laydown yard until Phase II of the moratorium has been lifted.

As a result of property being stored outside and exposed to the elements without proper covering or protection, hundreds of thousands of dollars in government property is at risk and may not be able to be used for its intended purpose.

-- Commingled Property

Property from administrative and Nonradiologically Controlled Areas is being commingled with property from Radiological Controlled Areas. Most property which is being placed in the laydown area is not properly tagged or labeled to reflect whether radiological monitoring is required or has been completed. The manager of Radiological Engineers stated that once property is commingled, all assets in the area have to be radiologically monitored. Commingling places an additional workload on Radiation Protection Technologists and Radiological Engineers who are already backlogged with other plant priorities and short of adequate staffing, and results in unnecessary expenditure and possible waste of taxpayers dollars. The EG&G Property Manager felt that, normally, about 20 percent of plant site property would require radiological monitoring.

The EG&G property manager stated, that in preparation for a security inspection, a rush to move property from around buildings located in the Protected Security Area occurred. This rush resulted in property custodians hastily moving property to a centralized control area without the proper accompanying paperwork.

Timely Processing of Government Property

Property Awaiting Shipments

EG&G personnel had not developed a system to identify which property in the excess warehouse requires priority monitoring. During the initial phase of our inspection field work, we noted Radiation Protection Technologist monitors were surveying property that would be returned to warehouse shelves or that was surplus. However, the Radiation Protection Technologists overlooked property for which shipping instructions had been received, some as early as October 1990. The total acquisition

cost of items awaiting shipment was \$344,391. The following are examples of property which could have been shipped as early as November 1991:

<u>Item</u>	<u>Date Shipment Instruction Received</u>	<u>Date Shipment Made</u>	<u>Remarks</u>
Power Supply	18-DEC-90	15-OCT-92	
Plotter w/option	18-DEC-90	15-OCT-92	
Crate, Instruments	01-OCT-90	15-OCT-92	2Grant
Meter	02-JAN-91	13-NOV-92	
Cabinet, Technician	07-FEB-91	15-OCT-92	Grant
System, Multi-point	07-FEB-91	15-OCT-92	Grant
Refractometer	14-JAN-91	07-OCT-92	Grant
Drafting Table	01-APR-91	12-OCT-92	
Oscilloscope	16-AUG-90	Not shipped	

We believe that a lack of understanding and communication between property management personnel and radiological operation personnel contributed to the delays in the shipping of property. EG&G property management personnel were waiting on RPTs to complete their present workload before submitting new property release evaluation forms. At the same time, RPTs were waiting on property release evaluation forms from property management personnel before beginning monitoring action. Once we identified the problem to the property manager and the Radiation Protection Technologists foreman, the property awaiting disposition was monitored and most property stored in the warehouse was shipped or processed for shipment within 30 days.

Property awaiting shipment was not being processed in a timely manner; therefore, storage space was not effectively utilized and the potential for unnecessary DOE and Federal expenditures increased. Many of these items could have been shipped as early as November 1991 if a priority monitoring system had been established.

Excess Property Not Reported

During our inspection of the Broomfield warehouse we performed a limited judgmental sample of items that were not assigned an excess property report number to determine if the items had been screened and reported as excess. Our review showed that many of the line items selected (some received prior to January 1990) had

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2 Grant = A transfer of property from Rocky Flats to a school or university for use in DOE research. Grants are normally good for one year from the date assigned.

not gone through the required screening process. Although 29 of the 45 (64%) line items selected had been placed in the automated warehouse inventory system, none of the line items were reported to DOE, the General Services Administration (GSA), or other agencies as excess. Examples of property stored in the excess warehouse and not reported are:

<u>Item</u>	<u>Date Placed In Excess</u>	<u>Condition</u>	<u>Acquisition Cost</u>
Disk drive	09-NOV-89	Good	\$ 1,699
Drill press	10-OCT-89	Good/Fair	841
Dampers (6EA)	19-JUL-90	Good	300
Computer System	11-SEP-89	Fair	1,950
Magnetic drive-tape	06-DEC-89	Good	40,238
Generator	20-FEB-90	Good	63,602
Oscilloscope	02-FEB-90	Fair	3,200
Paper buster	28-FEB-92	Good	1,049
Weight machine	16-APR-90	New/Good	2,100

The EG&G property manager stated that he and the warehouse supervisor were "tied up" with issues regarding the property moratorium and other duties regarding waste management at the Rocky Flats Plant site. The property manager also stated that they had been working the past two years to implement a quality warehouse inventory system.

As a result of not properly screening and reporting excess personal property, other DOE and Federal agencies with valid requirements were unaware of the availability of these resources.

Property Disposal Report Review

Our limited judgmental sample of Property Disposal Reports (PDRs) revealed that some property, determined as excess prior to July 1990, had not undergone the required screening process. There was a total of 193 PDRs awaiting input to the screening process. Some of these PDRs had more than one line item. Some examples of property awaiting the start of the screening process are:

<u>Item</u>	<u>Date Placed In Excess</u>	<u>Condition</u>	<u>Acquisition Cost</u>
Color IBM terminal	11-AUG-91	Fair	\$11,177
Display station	15-SEP-91	Good	5,880
Digital printer	25-JUL-90	Good	2,100
Disk Drive	11-FEB-92	Good	2,130
Master console	17-FEB-92	Good	1,753
Fire bricks	29-MAY-90	Unused-Fair	800
Modem	19-MAR-92	Fair	445
Tank	02-JUL-91	Unused	13,425

The EG&G property manager stated that he and the warehouse supervisor need to review each line item prior to allowing warehouse stock clerks to report it to DOE or GSA. The property manager indicated that taskings on waste management, wall-to-wall inventory, and plant walk through program issues did not allow them time to place a priority on movement of excess property.

As a result of not properly screening and reporting excess personal property, other DOE and Federal agencies with valid requirements were unaware of the availability of these resources.

Radiological Monitoring of Personal Property

System for Monitoring Property

EG&G had not established a system to identify personal property located in the excess property warehouse that required further monitoring and processing. Property was placed in warehouse locations without any documentation attached or history to show if radiation monitoring had been performed. Documentation that accompanied the property when placed in the excess property warehouse was filed in a central location.

Prior to our inspection, every item (100%) stored in the excess warehouse were considered to require additional radiological monitoring. Property stored in the warehouse should be uncontaminated and was monitored or properly evaluated at least once and sometimes twice to make that determination. Initially, any item removed from a Radiologically Controlled Area would require survey prior to being released to Property Utilization and Disposal. The radiological survey results are noted on the Property Disposal Report form. As a result of identifying a motor which had contamination levels higher than those considered releasable to the public the radiological status of all items in the warehouse became suspect. Accordingly, the excess property warehouse was closed off and all property located inside was radiologically surveyed or evaluated. This additional survey constitutes a third radiological monitoring for some property.

During the inspection, the EG&G Managers of Radiological Engineering and Radiological Operations were asked why another survey was required. The Radiological Engineer manager stated that a team composed of Radiological Engineers, Radiological Operation personnel, and Property Management personnel would be walking through the excess property warehouse and make a determination on what property could be released without any further survey. As a result of the team's walk-through, 577 line items were identified as requiring no further survey.

During the next three weeks the remaining items of excess property were reviewed. As a result, approximately 8,000 (83%) line items did not require an additional radiological survey. A breakdown of the items are as follows:

- 1,360 line items have completed the required utilization screening and may be released to the auctioneer.
- 472 line items are listed on Report of Excess Personal Property and must be forwarded to GSA for utilization screening.
- 91 line items have pending transfer orders to other agencies.
- Approximately 6,077 line items are entered into the Warehouse Inventory System and must be reported to DOE and GSA for utilization screening.

This condition occurred because EG&G managers had not developed a system whereby Radiological Protection and Property Managers can meet and discuss ways to eliminate the backlog of excess property maintained at the Rocky Flats plant site.

As a result of not properly reporting and shipping excess personal property, millions of dollars in excess government property was being held at Rocky Flats. These assets may have been useful in meeting requirements at other DOE or Federal locations.

Productivity of Monitors

Productivity of RPT monitors was adversely impacted by a lack of appropriate supervision and a full time Radiological Engineer at the excess property warehouse. During the initial portion of our field work, the RPTs assigned to the Broomfield warehouse were not monitoring property during most of the duty day. Our inspection revealed that four RPTs, without direct supervision, were assigned duty at the Broomfield excess property warehouse. Due to training requirements and other plant priorities, only one or two RPTs was available to monitor excess personal property. In most cases, the RPTs assigned to the excess warehouse were individuals who had not received their security clearances or those whose clearance had been lifted for unknown reasons. Individuals responsible for monitoring excess property were not required to be fully qualified in their specialty. The individuals were required to be trained only on the instruments and procedures used to monitor property. When questions arose on how to monitor a piece of property, the RPT would call the plant site supervisor or the radiological engineer responsible for the

Broomfield warehouse and wait on a response. Prior to our second field visit, a RPT foreman was assigned to the Broomfield warehouse.

The EG&G Managers of Radiological Operations and Radiological Engineering stated that, due to other priorities (such as resumption of buildings 559 and 707 and environment issues at plant site), RPTs assigned to Broomfield were doing the best that they could. Both managers agreed that assigning a foreman to the Broomfield warehouse would increase the productivity level. The foreman provides directions and answers most questions that arise. A Radiological Engineer would not be assigned full time but remain on the plant sites and used in other functional areas.

We believe placing RPTs in the warehouse without proper supervision wastes manpower, time, and equipment. Furthermore, timely and efficient management of DOE property is adversely impacted.

Actions Necessary to Lift the Moratorium

EG&G's implementation of the actions necessary to comply with the requirements to lift the moratorium were not effective. EG&G had missed suspense deadlines in August 1991, April 1992, and September 1992. These suspenses dealt with actions that were necessary for EG&G to complete prior to DOE lifting Phases II and III of the moratorium. For example, before lifting Phases II and III of the moratorium, the DOE Rocky Flats Safety Division required EG&G to revise procedures in Health and Safety Practices (HSP) 18.10 and ROI 3.02. The DOE RFO Radiological Protection Branch Chief stated that the preparation of these procedures has been delayed, in part, because clear limits for the release of transuranics including plutonium do not exist in DOE Order 5400.5. EG&G was also required to complete the training necessary for "Release of Materials for Unrestricted Use", and provide the Radiological Operations group with the appropriate instruments and required training on these instruments to ensure procedural compliance. The request to lift Phase II of the moratorium was forwarded on January 28, 1993, to DOE Rocky Flats Radiological Protection Branch; however, the request to lift Phase III of the moratorium has not been forwarded to the Radiological Protection Branch.

The EG&G Radiological Engineering Manager stated that the request to lift Phase II of the moratorium had been delayed due to other plant priorities, newly established procedure to realign functional areas, a requirement to reformat HSP 18.10, and a newly assigned Technical Administration Group which required a change to the format of all EG&G directives.

C. ADDITIONAL EXCESS PROPERTY ISSUES

The last Personal Property Management Review of the Rocky Flats Plant was conducted in April 1989 by the DOE Albuquerque Field Office. In April 1989, Rockwell was the prime contractor responsible for property management. However, as of January 1990, EG&G has operated the Rocky Flats Plant site. EG&G initially used the same property management procedures as Rockwell. The Rockwell system was a 35 year old manual property control system that EG&G personnel considered to be "antiquated". The EG&G Property Manager stated that the Rockwell system lacked sufficient data and capability to provide an effective property management program.

In October 1990, EG&G began using a master property control system for property accounting purposes. This system is continually enhanced and modified to meet the Contractor's changing needs and demands. Prior to implementation, the system required several modifications to allow for the transition from the old system and to accommodate specific EG&G requirements. EG&G also developed a Warehouse Inventory System to keep track of use and disposal of personal property.

Previous Review

During our inspection, we noted that EG&G had not complied with excess property findings identified in the 1989 Personal Property Management Report. In April 1989, a Personal Property Management Review was performed by DOE Albuquerque Field Office of Rockwell, the prime contractor. In January 1990, EG&G assumed prime contractor responsibilities for property management at Rocky Flats and EG&G replied to the recommendations addressed in the 1989 review. In correspondence as late as February 1992, EG&G stated that corrective action on excess property findings noted in the review were completed. Based on information presented, the DOE RFO Property and Information Branch Chief stated that he believed that EG&G had not gone far enough to correct some of the deficiencies noted. During our review, we found the EG&G actions under three of the personal property management review recommendations needed further evaluation. Specifically:

- A. Recommendation (8): EG&G should ensure that all controlled equipment is tagged and the serial number is recorded.

Inspection observation: During our inspection we noticed improperly tagged controlled equipment located in the laydown area and around building 334.

- B. Recommendation (19): EG&G should review the laydown area with appropriate management personnel (including DOE/RFO) on a periodic basis (such as quarterly).

Inspection observation: We noted that no guidelines specifying time frames had been established. The RFO Property and Information Branch Chief stated that the previous property administrator reviewed the laydown area at least semiannually. However, the last report provided to us was dated July 25, 1991. Also, in accordance with DOE RFO letter dated December 11, 1992, "the property provisions of the contract require EG&G to protect and control government property."

- C. Recommendation (23): EG&G should implement the planned automated Warehouse Inventory System (WIS) to expedite and simplify excess property reporting and tracking requirements.

Inspection observation: During our inspection we noted that many items placed in excess status had not been loaded in the WIS system. As previously noted, there was a total of 193 PDRs awaiting input to the WIS system.

The EG&G Property Manager indicated that the deficiencies noted above existed because he was busy with other priorities and there was a lack of adequate staff. We believe that, had the required biennial Property Management Review been conducted and monitored by DOE RFO, these and other deficiencies would have been clearly identified.

Long Term Storage Needs

Additional Long Term Storage

Requirements for additional long term storage may be reduced if excess property is reported and released in a timely manner. Due to the moratorium imposed in October 1990, excess property warehouses have been filled to maximum storage capacity; therefore, space was unavailable to accept more excess property generated from plant operations. The lifting of Phase I of the moratorium in October 1991 should have increased available inside warehouse space due to shipments of excess property. However, EG&G management did not initially develop and execute a plan to expeditiously release excess personnel property from the excess warehouses. Timely release of excess property should open sufficient storage space to reduce or perhaps eliminate the need for additional storage locations. We believe it is essential

that the management of excess personal property be given sufficient priority so that requirements for additional storage space can be minimized.

We believe that the lack of timely radiologically monitoring, reporting, and disposing of excess property caused the warehouse to be full to its maximum storage capacity. Further, EG&G management failure to develop and execute a plan to eliminate excess property caused the excess property program to be improperly managed.

Costly long term storage may be reduced if timely monitoring and screening of excess property occurs. Until Phase II is lifted, large amounts of DOE property are being stored outside and exposed to the elements without proper covering or protection.

Delays in Processing Excess Property

Continued delays in completing the actions required to lift Phase II of the moratorium could contribute to the need for additional long term storage. Our review found that EG&G's Administrative Services and property management personnel and RFO's Property and Information Management Branch personnel had met to discuss the possibility of procuring additional temporary warehouse space to protect excess property. A request was made to lease another off-site warehouse. The request was given a low priority due to Fiscal Year 92 budget constraints. The decision was made at a follow-up meeting to approve two membrane tents to store about 46,000 square feet of excess property. According to the RFO Real Property Officer, the tent structure would cost approximately \$420,000 and the total project cost is estimated at \$1.8 million. Also, a request was approved to place a fence around the property located in the laydown area.

We believe that if an expeditious approach is taken to complete the actions necessary for lifting Phase II of the moratorium, and timely and cost effective screening of excess property occurs, the potential need for additional long term storage may be reduced.

EG&G property management personnel stated that some temporary measures were needed to safeguard valuable government personal property. Additional long term storage will be needed unless requirements to lift the moratorium are met and sufficient numbers of radiological and property management personnel are assigned to process the excess property through the disposal system.

D. AWARD FEE OBSERVATIONS

During our review on the Management of Excess Personal Property, we looked at the award fee program as it applied to personal property management. We were informed that personal property management represent a very small portion of the total award fee performance measure assessment.

EG&G had received award fee for three performance evaluation periods since converting to a cost-plus-award-fee contract. Prior to April 1991, the EG&G contract was a cost-plus-fixed-fee contract. The following table depicts overall scores and total award fee earned during each of the three periods:

<u>Evaluation Period</u>	<u>Administrative Score</u>	<u>Overall Score</u>	<u>Award Amount Earned</u>	<u>Total Fees Earned</u>
4/1 - 6/30/91	*N/A	86.0	\$1,733,300	\$ 4,622,300
7/1 - 12/31/91	95.0	88.5	7,331,859	13,109,859
1/1 - 6/30/92	92.0	84.4	2,581,334	8,448,001

*N/A = No raw score was assigned for this time period. The Administrative Support function was rated Satisfactory.

The DOE Rocky Flats Office used an area weighted scale to determine the award fee earned for each six-month evaluation period. The overall property management function is a small portion of the administrative support weighted area. Normally, administrative support is weighted at around 10 or 11 percent on a 100 percent scale. The areas considered under administrative support are: 1) the Resource Management Division which includes Human Resources and Industrial Relations Branch, and Financial Management and Management Evaluation Branch, and 2) the Contracts and Services Division which includes the Acquisition and Financial Assistance Branch, and the Property and Information Management Branch. The Property and Information Management Branch Chief stated that property management is a very small part of the award fee performance measure assessment.

The DOE RFO Property and Information Management Branch Chief stated that the award fee program attempted to recognize progress over time. The branch chief stated that subordinates met with EG&G Property Management personnel on a monthly basis to discuss the contractor's performance in regard to the award fee program. Every other month the meetings included discussions on significant and notable achievements, and deficiencies and observations. Observations and deficiencies not corrected as a result of the monthly meetings are forwarded for consideration during the semi-annual performance evaluation process.

CONCLUSIONS

Our inspection of the current status of excess personal property storage and disposal at Rocky Flats, and the economy and efficiency of current storage and disposal practices revealed that immediate management attention is needed. We determined that the EG&G property management system had not been approved as required by the contract and DOE policies and procedures. The required physical inventory had not been completed to establish an acceptable base line for the transfer of property from Rockwell to EG&G. The initial DOE property management appraisal had not been performed. In our view, the property management appraisal could have identified many of the deficiencies noted during our inspection.

In October 1990, a property release moratorium was levied which halted the flow of excess personal property and resulted in a significant backlog of excess and surplus property being stored improperly on plant site. The moratorium stopped the reporting, shipping, and disposing of thousand of dollars worth of government personal property. Some valuable items of government personal property were being stored in outside areas and exposed to the elements for prolonged periods of time. Some property had begun to deteriorate and other items were so deteriorated they could no longer be used for their intended purpose. In October 1991, Phase I of the moratorium was lifted, providing EG&G the opportunity to begin the processing and disposing of excess property held within the excess warehouse. However, the property was not reported and disposed of due to the plants mission changes, assigned priorities for waste management, and "resumption" of buildings 559 and 707. Productivity of the EG&G Radiological Protection Technicians responsible for monitoring excess property was adversely impacted by a lack of proper supervision. EG&G's implementation of the actions necessary to comply with the requirements of the moratorium were not effective.

We found that some deficiencies identified in the 1989 Personal Property Management Review conducted by the DOE Albuquerque Field Office had not been corrected or needed further action. EG&G assumed responsibilities for deficiencies noted in the 1989 Property Management Review but considered deficiencies related to excess property closed. In addition, our inspection determined that timely release of excess property should open sufficient storage space to reduce or perhaps eliminate the need for additional long term storage space. We believe the continued delays in lifting Phase II of the moratorium could contribute to the need for additional long term storage.

We included in our inspection an observation on the EG&G award fee program as it applies to personal property management. The

overall property management function is a small portion of the administrative support weighted area.

RECOMMENDATIONS

We recommend that the FRO Property and Information Management Branch Chief:

1. Direct the DOE Property Administrator to monitor progress of the physical wall-to-wall inventory to ensure that the inventory is completed within the established time frame.
2. Require the DOE Property Administrator to develop, prepare and execute a plan to perform the required Personal Property Management Review.

We recommend that the Acting Manager, Rocky Flats Office implement the following actions:

3. Direct EG&G to develop and forward to RFO a copy of the required Property Management Procedures for review. The procedures must include methods to adequately protect, maintain, utilize, and dispose of government personal property in accordance with the contract and DOE directives.
4. Direct EG&G Radiological Protection to evaluate property held within the laydown area for the purpose of determining what property could be released without additional monitoring prior to lifting Phase II of the moratorium.
5. Direct EG&G to assess the status of property stored in the laydown area and take immediate action to protect valuable and usable government property from the elements.
6. Determine if EG&G is responsible for damage to government property and take the appropriate action under the Avoidable Cost Rule.
7. Direct the EG&G Property Manager to issue guidance on proper storage practices for property stored outside. This guidance should include action to be taken for noncompliance.
8. Direct the EG&G Property Manager to develop procedures that prevent the commingling of property (requiring monitoring versus those items not requiring monitoring) held within staging areas.

9. Require the EG&G Property Manager to review the laydown area with the appropriate property custodians (including DOE RFO) on a periodic basis, as recommended in the 1989 Personal Property Management Review.
10. Require the EG&G Property Manager to devise a system to prioritize the order in which excess property stored in the warehouse should be monitored. The prioritizing system must be in writing and a copy should be provided to the Radiological Protection function.
11. Direct the EG&G Property Manager to immediately enter all excess property in the Warehouse Inventory System and start the screening process.
12. Ensure EG&G Radiological Protection and EG&G Property Management personnel meet periodically to discuss issues and take necessary action to ensure excess personal property is processed in a timely manner at the Rocky Flats plant site.
13. Ensure proper supervision is provided to the EG&G Radiological Protection Technicians assigned to the excess property functions.
14. Ensure that the EG&G Manager of Radiological Engineering develop and process all actions necessary to expedite requirements to lift Phases II and III of the moratorium.
15. Direct the EG&G Property Manager to reevaluate deficiencies noted in the 1989 Personal Property Management Review, and take the necessary corrective action.
16. Ensure that the EG&G Property Manager continues to place a priority on disposal of excess personal property to reduce or eliminate the need for additional long term storage.

MANAGEMENT COMMENTS

In comments dated April 21, 1993, the Acting Manager of Rocky Flats Office concurred with the findings and recommendations in this report and identified the corrective actions taken or planned. The Acting Manager also stated that, once Phase II is lifted, excess property can be processed from any location in the plant site, and the lifting of Phase III will potentially provide some efficiency in the handling of excess property before it is received by the Property Utilization and Disposal storage area.

On April 27, 1993, the Acting Manager of Rocky Flats Office notified the General Manager, EG&G Rocky Flats, Inc. that EG&G was authorized to enter Phase II of lifting the moratorium on release of materials for unrestricted use.

Office of Inspector General

APPENDIX A

GLOSSARY

Accountable property - Any property which is a part of the three categories of government personal property (Capital, Sensitive, and Administrative).

Administrative equipment - Government personal property with an acquisition cost of less than \$5,000 that does not meet the definition of sensitive equipment but is subject to control.

Avoidable costs - Generally, increased costs or expenses resulting from negligent or willful misconduct of M&O contractor or M&O subcontractor personnel where the work is within the sole and exclusive control of the contractor and/or subcontractor.

Capital equipment - Government personal property having a total acquisition/installed cost of generally \$5,000 or more and an anticipated service life of two years or more.

Conditional release - The release of property from an Radiologically Controlled Area (RCA), Radiological Area, or building (area) for controlled or noncontrolled transfer within the plant boundary.

Excess personal property - Any personal property under the control of a Federal agency which is not required for its needs and the discharge of its responsibilities, as determined by the agency head.

Government personal property - Property of any kind or type which is Government-owned and/or rented from commercial sources in the custody of DOE or its contractors except real property; records; or special source materials.

Laydown area - Temporary staging or storage areas for property.

Line item(s) - Indicates item or items that includes one or more units with the same general descriptions being processed through the system at the same time.

Monitoring - A method of surveying material and equipment from radiological areas to detect control surface or airborne radioactive material for total or removable contamination levels which exceed those stated in DOE Orders.

Screening - A term used to identify excess property available for reutilization by other Federal agencies.

Sensitive equipment - Government personal property considered to be easily appropriated for personal use or that can be readily converted to cash and with few exceptions, has an acquisition cost of \$200 to \$4,999. Certain items, such as firearms, are considered sensitive regardless of cost.

Step-off Pad - An area within an Radiologically Controlled Area where an individual receives monitoring for radiation levels.

Surplus property - Excess personal property no longer required after being reported through the DOE and GSA screening process.

Unallowable costs - Costs which, if incurred under or for a prime DOE M&O contract, will not be charged to nor reimbursed by the Government.

Unavoidable costs - Costs which have been identified as potential avoidable costs and subsequently were determined to be allowable costs.

Uncontrolled Area - Any area to which access is not controlled in order to protect individuals from exposure to radiation and/or radioactive materials.

Unrestricted release - A properly completed Material Transfer Tag (RF-47555) which denotes approval for the unrestricted release of property from an RCA or an uncontrolled area without restriction on future movement or disposal.

**DATE
FILMED**

8 / 17 / 93

END