United States
Department of Energy

Semiannual Report to Congress on Inspector General Audit Reports

October 1, 1995 to March 31, 1996

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U. S. Department of Energy

Semiannual Report to Congress

on

Inspector General Audit Reports

For the Period October 1, 1995 through March 31, 1996

TABLE OF CONTENTS

FOREWORD	1
INTRODUCTION	3
SIGNIFICANT MANAGEMENT ACCOMPLISHMENTS	5
AUDIT REPORT STATISTICAL TABLES	7
AUDIT REPORTS OPEN ONE YEAR AFTER MANAGEMENT DECISION	10

Foreword

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

The Department of Energy is vested with public missions that fundamentally affect the security, prosperity, and quality of life of this and future generations. Our fundamental missions are:

- Protecting national security and reducing the nuclear danger;
- Enhancing the Nation's energy security;
- Providing environmental cleanup and stewardship; and
- Advancing the frontiers of science and technology

The Department's ongoing Strategic Alignment Initiative has been focused on accomplishing the critical missions of the Department at lower cost to the American taxpayer. As part of this initiative, we rely on audit report recommendations and follow up on corrective actions in evaluating the cost effectiveness and overall efficiency of the Department's programs and operations.

With the continued support and commitment for our managers, we will ensure that the Department achieves its goal to be "best-in-class" in the Federal Government.

Hazel R. O'Leary
Secretary of Energy

Introduction

This is the Secretary of Energy's fourteenth 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, 1995, through March 31, 1996, the Department took final action on 35 operational, financial, and preaward audit reports. At the end of the period 92 reports awaited final action. Final action was taken on two contract and financial assistance audits, leaving two reports requiring final action at the end of the period.

This report has three sections. The first section outlines significant audit resolution and followup 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.

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Significant Management Accomplishments

During the period October 1, 1995, through March 31, 1996, management decisions were reached on 31 Inspector General reports, and final actions were implemented on 35 other Inspector General reports. The following information is provided on selected reports where corrective action has been accomplished.

CR-B-94-06 "Audit of Aircraft Management at the Bonneville Power Administration." This audit was part of the President's Council on Integrity and Efficiency Government wide aircraft management audit. The purpose was to determine whether Bonneville Power Administration established and implemented policies, procedures, and controls to manage its aircraft activities efficiently, effectively, economically, safely, and in accordance with applicable laws and regulations. The Inspector General's only finding was that Bonneville could satisfy its workload with five, rather than six, helicopters and one, rather than two, airplanes; it was recommended that one helicopter and one airplane be disposed of and the purchase of a replacement helicopter be cancelled. Bonneville subsequently established aircraft usage data and costs of alternatives and performed an in-depth evaluation of aircraft operations. As a consequence, a decision was made to not purchase the replacement helicopter, to dispose of one helicopter, and to retain both airplanes.

WR-B-95-07 "Consultant Subcontracting at the Idaho National Engineering Laboratory." This audit determined that contractor procurement procedures did not require adequate competition or sole source justifications for subcontracts. Also, many of the subcontracts were awarded to former Idaho National Engineering Laboratory employees, increasing the potential for conflict of interest. The contractor established procedures, a process for high level management review and approval for consultant subcontracts with former employees, and training programs. In addition, the adequacy of sole source justifications and competition is included in the Business Management Oversight Pilot program. A February 1996 review of the contractor's procurement process found no deficiencies.

IG-0338 "Audit of Personal Property Management at Los Alamos National Laboratory." This audit was conducted to determine whether Los Alamos employees properly protected, identified, and controlled Government-owned personal property in accordance with applicable policy. In response to the findings of the Inspector General, the Department strengthened internal controls on personal property and established additional policy on this subject. The Department also conducted a review of Los Alamos's personal property management system and approved the newly implemented system.

IG-0348 "Follow-up Inspection of Selected Aspects of the Department of Energy's Administration of Post Retirement Health Benefits." The audit questioned whether the University of California was providing its non-contract employees with the same level of benefits that are provided to University employees at the Department's laboratories. The Department conducted a review of the post retirement health benefits being provided to employees at Department of Energy laboratories operated by the University of California and other University employees and found that the level of benefits were the same. In addition, the Department conducted a feasibility study and made a recommendation to consider using surplus pension funds to finance post retirement health benefits on a case by case basis. Although this recommendation was not implemented, additional follow-on action requires the Department to provide annual policy guidance on post retirement health benefits to all Operations and field offices.

ER-B-95-02 "Audit of Property Management at Fernald Environmental Restoration Management Corporation." The scope of this audit was limited to property valued at \$5,000 or less and not classified as sensitive or prone to theft. The audit determined that the Fernald Corporation did not properly acquire, protect, and account for Government property in its possession or in the possession of its subcontractors. The Department responded by confirming that Fernald is properly accounting for its furniture. However, Fernald has increased control over high-risk property, reorganized for consolidation of property accountability, developed procedures to require buyers to check the excess property list, and relocated storage of office-type property.

WR-B- 95-06 "Audit of Construction of Protective Force Training Facilities at the Pantex Plant." The audit objective was to determine the necessity for constructing a new facility with respect to mission needs and determine if alternatives had been sufficiently researched. The Department assembled a team, which reviewed the factual data, performed a line-by-line analysis, and physically examined the Pantex Plant physical training facility. The Team found the existing facilities to be in a dilapidated condition and found sufficient mission need to recommend construction of the new physical training facility. The Department agreed with the team's recommendation and construction of the Protective Force Training Facility is proceeding.

AUDIT REPORT STATISTICAL TABLE

For the Period October 1, 1995 through March 31, 1996

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

	Number of Reports	Disallowed ^{a/} ____ Costs ____
Audit reports with management decisions on which final action had not been taken at the beginning of the period	2	\$ 98,753
Audit Reports on which management decisions were made during the period	2	<u>46,168</u>
Total audit reports pending final action during the period	4	144,921
Audit reports on which final action was taken during the period:		
Recoveries (Payments to Contractors).	2	<u>46,168</u>
Audit reports needing final action at the end of the period	<u>2</u>	<u>\$ 98,753</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.

AUDIT REPORT STATISTICAL TABLE

For the Period October 1, 1995 through March 31, 1996

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:

	Number of Reports	Agreed Upon Funds Be Put To Better Use
Audit reports with management decisions on which final action had not been taken at the beginning of the period	96	\$466,805,450
Audit reports on which management decisions were made during the period:		
Operational and Financial	31	\$ 101,141,926
Preawards	<u>0</u>	<u>0</u>
Total	31 ^{a/}	\$ 101,141,926
Total audit reports pending final action during period	<u>127</u>	<u>\$567,947,376</u>
Audit reports on which final action was taken during the period:		
Operational and Financial	35	\$ 52,407,137
Preawards	<u>0</u>	<u>0</u>
Total	<u>35</u>	<u>\$ 52,407,137</u>
Audit reports needing final action at the end of the period . . .	<u>92</u>	<u>\$515,540,239</u>

a/ Includes six inspection reports not included in the Office of Inspector General's complementary report

In addition to the \$101,141,926 in recommendations that funds be put to better use with which the Department agrees, there is \$124,309,109 with which the Department disagrees. This amount is associated with eight operational and financial 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 four 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, 1996***

REPORT

STATUS

HEADQUARTERS OFFICES

Civilian Radioactive Waste Management

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

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. A Steering Committee to address issues related to geologic disposal of DOE radioactive waste was formed in August 1994. The Committee assigned the development of the Memorandum of Agreement to the Waste Acceptance and Transportation Task Team; its work is ongoing.

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

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, which 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, required that the order be revised. In addition, it has become part of an omnibus order on civil rights and procedures. The order has been developed and formally coordinated. Issuance is expected by June 1996.

REPORT

Energy Efficiency

EE-93-001 ISSUED 01/04/93 (Management Decision 12/05/94)
REPORT NUMBER: IG-0317
REPORT TITLE: Department of Energy's In-House Energy
Management Program
(Agreed Upon Savings: \$3,800,000)

EE-95-001 ISSUED 10/07/94 (Management Decision 01/12/95)
REPORT NUMBER: CR-BC-95-01
REPORT TITLE: Audit of Energy Conservation Program for
New Buildings

Environment, Safety and Health

EH-94-003 ISSUED 08/18/94 (Management Decision 12/19/94)
REPORT NUMBER: INS-O-94-06
REPORT TITLE: Inspection of DOE's Policies and Procedures
for Reliability, Availability, and Maintaining Programs

STATUS

The Inspector General concluded that, although progress had been made in the In-House Energy Management Program (Program), substantial opportunities to further reduce energy usage and costs still existed. Corrective action is complete on 7 of the 20 recommendations. The completion of the remaining actions is awaiting the issuance of the DOE Order on the Program and the results of the Inter-Agency Energy Management Task Force. It is anticipated that these activities will be achieved by September 1996.

The audit disclosed that field activities did not adequately document that energy conservation features were evaluated and designed into new construction, where feasible, and did not determine the reasons that estimated energy savings were not attained. Corrective action is continuing on all six recommendations and its completion is dependent on the issuance of the DOE order and the results of the Task Force mentioned above. It is also awaiting the recommendations of a Process Improvement Team that has not yet met due to significant budget reductions. The Team plans to hold its initial meeting during the current semiannual period.

The Inspector General found that program and project managers had not been provided the formal guidance needed for the development and implementation of reliability, availability, and maintainability programs. A determination has been made that a draft report, "Reliability, Availability, and Maintainability Guidelines," provides the appropriate basis for guidance for new nuclear projects. DOE Order 420.1 includes a requirement to establish a reliability, availability, and maintainability program for new nuclear projects, and its Implementation Guide includes reference to the draft guidelines. This draft report needs updating and finalization as a DOE standard.

REPORT

Environmental Management

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

EM-93-005 ISSUED 04/15/93 (Management Decision 09/22/93)
REPORT NUMBER: IG-0326
REPORT TITLE: Fernald Environmental Management Project
Remedial Investigation and Feasibility Study

STATUS

This audit found that DOE and its contractors were not using cost-effective methods for packaging, transporting, and burying low-level waste shipped to off-site burial facilities. The Inspector General made seven recommendations for improvement of operations and corrective actions are ongoing. 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 September 1996.

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 was issued in June 1994, and Environmental Management is developing an audit followup tracking system. Final action is expected by September 1996.

The audit revealed that the remedial investigation and feasibility study process at Fernald was not planned well, nor were costs controlled effectively. Of the seven recommendations, three remain open. The Department is participating in an ongoing joint pilot project with the Environmental Protection Agency using a streamlined approach for environmental restoration. The Fernald Citizens Task Force issued its final report on waste disposal strategy and future site use and decisions have been made in keeping with its recommendations. A formalized lessons learned program is being developed in conjunction with a DOE-wide effort. A Lessons Learned Standard and Handbook has been issued and an electronics information service has been established. In addition, a Society for Effective Lessons Learned Sharing was chartered in September 1995, to promote sharing and use of information on the service. Final action will occur when the last record of decision is approved. This is expected in September 1996.

REPORT

EM-94-005 ISSUED 08/24/94 (Management Decision 01/25/95)
REPORT NUMBER: INS-O-94-07
REPORT TITLE: Inspection of Chain of Custody Procedures
at the Oak Ridge Y-12 Plant Laboratory Building 9995

Field Management

FM-94-002 ISSUED 07/12/94 (Management Decision 01/24/95)
REPORT NUMBER: IG-0352
REPORT TITLE: Inspection of the Cost Reduction Incentive Program
at DOE's Idaho Operations Office

Human Resources and Administration

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

STATUS

The Inspector General found that the personnel in Building 9995 may not have been implementing all of the conditions of their chain-of-custody controls. Oak Ridge has verified that these procedures are now being followed. The Office of Environmental Management is revising its guidance manual for sampling and analysis. Final action is expected in September 1996.

The Inspector General found that it is difficult for the reduction incentive program to validate the cost savings; such programs may result in conflicts of interest for the contractors; there is no written Department-wide policy for these programs; and there are other programs that can be used for incentives. Corrective actions for two of the three recommendations have been completed. The Cost Reduction Incentive Program Team has developed departmental guidance and an implementation plan. The Department is currently resolving the issue of responsibility for the program before issuing guidance. Final action is expected by September 1996.

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. The union and the Department have agreed on the new parking order in collective bargaining negotiations. The new order is in final coordination with final issuance expected by July 1996.

REPORT

STATUS

Human Resources and Administration

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 report stated 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. The Order is under legal review; issuance is anticipated by July 1996 as part of DOE Order 350.1.

PR-90-003 ISSUED 04/27/90 (Management Decision 04/27/91)
REPORT NUMBER: IG-0281
REPORT TITLE: Inspection of the Lawrence Livermore
National Laboratory's Drug-Free Workplace Program

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 complete formal coordination in June 1996.

PR-93-002 ISSUED 05/17/93 (Management Decision 12/28/93)
REPORT NUMBER: IG-0328
REPORT TITLE: Audit of Mound Plant's Reduction in Force

The Inspector General recommended that DOE develop and implement guidelines to impose limitations on voluntary separation allowances, early retirement incentive payments, and inclusion of crucial employee classifications in voluntary reductions in force. Corrective action is complete on four of the five recommendations, with guidance provided on several of the issues. Guidance on voluntary separation allowances is contained in an Order which is to be sent out for formal coordination in May 1996, with final implementation scheduled for July 1996.

REPORT

HR-93-005 ISSUED 08/10/93 (Management Decision 12/23/93)
REPORT NUMBER: IG-0332
REPORT TITLE: Inspection of the Department of Energy's
Procedures for Administering Contractors' Executive Employees'
Compensation

HR-93-007 ISSUED 06/11/93 (Management Decision 12/06/93)
REPORT NUMBER: WR-B-93-03
REPORT TITLE: Audit of Bonneville Power Administration's
Management of Its Workers' Compensation Program

PR-93-001 ISSUED 02/23/93 (Management Decision 03/31/94)
REPORT NUMBER: IG-0321
REPORT TITLE: Allowable Costs at the Department of Energy
Management and Operating Contractors
(Agreed Upon Savings: \$10,133,235)

HR-92-100 ISSUED 09/22/92 (Management Decision 05/03/94)
REPORT NUMBER: IG-0314
REPORT TITLE: Pension Fund Activities as Department
Laboratories Managed By the University of California
(Agreed Upon Excess: \$304,000,000)

STATUS

The inspection disclosed, in part, that additional policy and procedures for monitoring contractors' executive employees' compensation are needed to ensure compensation is paid only after being approved by departmental officials, and that a Department-wide policy on incentive compensation programs and additional training and guidance regarding certification of contractor compensation systems is needed. The Department has initiated improvements in several areas and most enhancements will be completed by July 1996, when a directive that covers contractor compensation is issued.

The Inspector General reported that Bonneville Power Administration employees were paid workers' compensation when they could have returned to work and recommended issuance of procedures to correct the problem. Bonneville intends to amend its procedures once Headquarters has issued its policy on workers' compensation, which is part of a draft health services order. The order has been formally coordinated and issues are being resolved. It is anticipated that updated program guidance will be issued by July 1996.

This audit of nine management and operating contractors revealed that contract administrators did not always enforce strict compliance with contract terms, require internal audits to be performed, or ensure that non-standard contract language was authorized properly. Corrective action on five of the six recommendations is complete. The Department's contract reform initiative has been implemented. Pending is the contracting officers' determinations regarding questioned costs. Final action is expected in September 1996.

The audit found that the Department had not adequately administered its interest in the pension funds covering the employees of the three laboratories managed and operated by the University of California for DOE. The Department has completed 70 percent of the corrective actions to which it agreed. Pending is the issuance of a handbook outlining procedures for recording and analyzing pension costs and negotiations with the University regarding separate accounting for the three laboratories. Final action is expected by December 1996.

REPORT

STATUS

Human Resources and Administration

HR-94-001 ISSUED 03/21/94 (Management Decision 08/17/94)
REPORT NUMBER: INS-O-94-01
REPORT TITLE: Inspection of the Department of Energy's Former
Office of New Production Reactors

This inspection was underway when the Department decided to defer the New Production Reactor Program. Therefore, the review was curtailed and the report included eight recommendations related to the orderly shutdown of the Program. Corrective actions on all but one of these is completed. Outstanding is the close-out of the last academic grant, which is anticipated by July 1996.

HR-94-109 ISSUED 06/24/94 (Management Decision 12/14/94)
REPORT NUMBER: IG-0350
REPORT TITLE: Audit of Health Benefits Costs at the Department's
Management and Operating Contractors.

This audit disclosed that the Department's share of management and operating contractor's health benefit costs was unreasonable. The Department has completed corrective actions on one of the three recommendations. Final action will occur when a directive on contractor human resource programs is issued. This is anticipated for July 1996.

Nonproliferation and National Security

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

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.

NN-94-001 ISSUED 10/08/93 (Management Decision 05/24/94)
REPORT NUMBER: IG-0335
REPORT TITLE: Inspection of Selected Intelligence and Special
Access Program Work-for-Others Projects

The inspection reviewed in detail six classified projects that were being undertaken by the Department for organizations outside DOE. It found a lack of proper management controls in four of these projects. The Department has completed corrective action on 37 of the 46 recommendations. The majority of the open recommendations are awaiting the Inspector General's validation of an internal audit report. Others are awaiting issuance of directives or guidance. Final action is expected by December 1996.

REPORT

NN-94-004; ISSUED 07/24/94 (Management Decision 03/31/95)
REPORT NUMBER: IG-0354
REPORT TITLE: Audit of Management and Cost of the Department
of Energy's Protective Forces
(Agreed Upon Savings: \$91,200,000)

Office of Policy

PO-94-001 ISSUED 03/03/94 (Management Decision 09/30/94)
REPORT NUMBER: IG-0343
REPORT TITLE: Inspection of the Management of Excess Personal
Property at Sandia National Laboratory, Albuquerque, N.M.

STATUS

The Inspector General addressed the need for modification of the management of the Department's protection forces in light of the changing DOE mission. Corrective action is complete on nine of the twelve recommendations. The remaining recommendations deal with the effectiveness and reasonableness of the cost of physical fitness. In January 1995, the Under Secretary validated the Department's Physical Fitness program and indicated there would be no plans to change program elements. However, a quality review team was established, composed of medical, labor relations, Inspector General, and program staff, to focus on program implementation. The first recommendation from this group is to bring the Physical Fitness Program into compliance with the Americans with Disabilities Act, which is being implemented.

The Inspector General found significant deficiencies in Sandia's practices for controlling, storing, and disposing of excess personal property. Corrective actions for 18 of the 19 recommendations are complete, including Sandia's completion of its corrective action plan and Albuquerque's approval of its property management system. The Department has examined excess property availability DOE-wide in light of downsizing and reconfiguration and developed the asset management program, which focuses on the sale of excess property. Final action should occur by September 1996.

REPORT

STATUS

FIELD OFFICES

Albuquerque Operations Office

AL-93-006 ISSUED 03/26/93 (Management Decision 09/16/93)
REPORT NUMBER: IG-0322
REPORT TITLE: Followup on Audits of Purchase of Natural
Gas and Natural Gas Pipeline Lease
(Agreed Upon Savings: \$3,146,710)

This followup audit of two earlier reports on audits of the purchase of natural gas and the natural gas pipeline lease found that Albuquerque had not completed corrective actions; particularly, the pipeline lease had not been replaced. Gas supply and transportation contracts with the Defense Fuels Supply Center have been negotiated and are in place for all facilities. The Corps of Engineers has been tasked to dispose of the Pipeline and secure rights of way. A draft Request for Proposals was issued in January 1996 for comments from industry. A pre-proposal workshop/conference was held in February, and the final request was issued in March. Because of time frames and procedures set out in DOE and Federal rules and regulations, corrective action will not be completed until October 1996.

18

AL-93-012 ISSUED 06/02/93 (Management Decision 08/18/93)
REPORT NUMBER: WR-B-93-02
REPORT TITLE: Audit of Computer Equipment Maintenance
at Los Alamos National Laboratory
(Agreed Upon Savings: \$132,375)

The Inspector General stated that Los Alamos did not acquire computer maintenance in the most economical manner. Los Alamos has revised its controls over computer equipment maintenance and has reported that all corrective action is complete. The scheduled November 1995 on-site review by Albuquerque was postponed when Los Alamos was unable to provide a comprehensive internal procedure which clearly indicated corrective action taken. A draft internal procedure has been reviewed and comments provided. An on-site review will occur when internal procedures are finalized. This is expected to occur by June 30, 1996.

AL-95-003 ISSUED 01/20/95 (Management Decision 01/20/95)
REPORT NUMBER: WR-B-95-02
REPORT TITLE: Audit of Leased Facilities at Los Alamos
National Laboratory

The Inspector General found that Los Alamos did not always obtain needed facilities in the most advantageous manner. It leased portable office trailers rather than purchasing them, even though leasing costs were substantially higher. Albuquerque has documented that Los Alamos has the proper procedures in place, and is continuing to resolve the leased trailer situation. So far, ten units have been returned that are no longer needed and seven units have been purchased. Final action is expected by September 1996.

REPORT

Nevada Operations Office

NV-92-003 ISSUED 05/21/92 (Management Decision 03/10/93)
REPORT NUMBER: IG-0310
REPORT TITLE : General Management Review 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-93-001 ISSUED 04/14/93 (Management Decision 06/23/93)
REPORT NUMBER: CR-B-93-03
REPORT TITLE: Administration of the Advanced Light
Water Reactor Program Contracts
(Agreed Upon Savings: \$28,334)

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, five remain open pending finalization of corrective actions by two Headquarters organizations and Inspector General acceptance of Nevada's final actions. It is expected that all corrective actions will be completed by December 1996.

The Inspector General performed a general management inspection of the San Francisco Operations Office, now the Oakland Operations Office, and made recommendations in the areas of contract management, administration, environment and safety, quality assurance, facilities and management services, energy programs, and defense programs. Because a number of the findings related to implementation of DOE policies and procedures, some recommendations were addressed to Headquarters organizations. Of the 65 recommendations, 4 still require corrective action. The estimated completion date is September 1996.

The Inspector General recommended that for the six Advanced Light-Water Reactor contracts, Oakland ensure timely submission of indirect rates so that audits can be conducted and recovery of any unallowable costs be completed. A computerized audit and indirect rate tracking system has been developed. The Defense Contract Audit Agency (Agency) has audited the Annual Indirect Rate Submissions and Incurred Direct Costs for General Electric, Combustion Engineering through calendar year 1990 and for Westinghouse and General Electric through 1992. The Agency will be auditing these costs for subsequent calendar years according to their audit schedule. This action will be completed once the contractors have been audited through 1992, which is expected to occur by September 1996.

REPORT

STATUS

Oak Ridge Operations Office

OR-93-101 ISSUED 07/27/93 (Management Decision 01/11/94)
REPORT NUMBER: ER-B-93-05
REPORT TITLE : Audit of Martin Marietta Energy Systems
Incorporated Subcontract Award and Administration

The audit disclosed that Energy Systems had not fully complied with its contract or pertinent regulations in awarding and administering its subcontracts. Corrective actions are ongoing for three of the five recommendations. Oak Ridge is making a determination on the allowability of questioned costs and is working on refining quick close-out procedures. Energy Systems is revising its procedures. The target completion date is September 1996.

OR-94-046 ISSUED 02/10/94 (Management Decision 09/30/94)
REPORT NUMBER: ER-BC-94-01
REPORT TITLE : Audit of Maintenance Activities at the K-25
Site, Martin Marietta Energy Systems, Inc.

The Inspector General found that there were additional opportunities for reducing operating costs at K-25. Corrective actions are complete on four of the seven recommendations made in that regard. Oak Ridge is in the process of comparing detailed cost data between the General Services Administration vehicle lease program and the contractor's vehicle operations. A decision on how to manage the vehicles at all Oak Ridge sites should be made by September 1996.

OR-94-072 ISSUED 04/04/94 (Management Decision 07/21/94)
REPORT NUMBER: ER-B-94-04
REPORT TITLE : Audit of Martin Marietta Energy Systems,
Inc.'s Use of Government Supply Sources

The audit concluded that Energy Systems missed opportunities to save Federal funds by procuring goods from Government supply sources. The contractor is revising its written procurement procedures, including requiring more detail on purchase requests. Oak Ridge is making a determination on the allowability of questioned costs. Final action is expected by September 1996.

OR-94-121 ISSUED 07/07/94 (Management Decision 09/27/94)
REPORT NUMBER: INS-O-94-04
REPORT TITLE : Inspection of the Implementation of Selected
DOE Environment, Safety and Health, and Security Requirements
at the Continuous Electron Beam Accelerator Facility

The report stated that the management and operating contractor was not following certain provisions of environment, safety, and health directives required under its contract and that the determination and implementation of appropriate security requirements for the Facility should be expedited. Corrective action is ongoing on four of the five recommendations. The contractor is now fully in compliance with all but two of the requirements of the aforementioned directives, is close to correcting all deficiencies found in the functional appraisal, and is revising its security manual. Final action should occur by September 1996.

REPORT

OR-94-109 ISSUED 05/27/94 (Management Decision 10/14/94)
REPORT NUMBER: ER-B-94-06
REPORT TITLE : Audit of Administration of Small Disadvantaged
Business Program at Martin Marietta Energy Systems, Inc.

OR-95-007 ISSUED 10/17/94 (Management Decision 01/24/95)
REPORT NUMBER: INS-O-95-01
REPORT TITLE : Inspection of Federal Employees' Compensation
Act Compliance at the Oak Ridge Operations Office

Ohio Field Office

FN-93-002 ISSUED 07/21/93 (Management Decision 03/31/94)
REPORT NUMBER: ER-B-93-04
REPORT TITLE: Audit of Subcontract Administration
at Westinghouse Environmental Management Company of Ohio

FN-94-003 ISSUED 06/20/94 (Management Decision 03/31/95)
REPORT NUMBER: ER-B-94-07
REPORT TITLE: Audit of Shipment of Low Level Waste From
Fernald to the Nevada Test Site
(Agreed Upon Savings: \$930,889)

STATUS

The Inspector General reviewed Energy Systems' management of the Small Disadvantaged Business Program and concluded that the program could be improved in the areas of maximum practicable opportunity, compliance with the Walsh-Healey Act, and controls over price increases. Oak Ridge has performed a surveillance review of the corrective actions taken and will discuss its findings with the contractor shortly. A determination on questioned costs is also pending. Final action is expected by September 1996.

The inspection evaluated Oak Ridge's compliance with the Federal Employee's Compensation Act and found problems with the use of time and attendance codes and communication between the Personnel Office and the programs. Corrective actions is complete on three of the eight recommendations. Pending is the issuance of guidance on the processing of worker compensation claims and the collection of an overpayment from an employee. Final action is anticipated for December 1996.

The audit found that Westinghouse did not establish adequate systems to award and administer subcontracts. Only one of the five recommendations remains open. The systems have been improved and Ohio has increased its oversight. Subcontractor costs are being reviewed for allowability; final action will occur when the reviews are completed.

The Inspector General found that the Fernald Environmental Restoration Management Corporation did not minimize, as much as possible, the volume of low level waste shipments to the Nevada Test Site. Corrective actions have been completed on all but one of the five recommendations. Pending is a contracting officer's determination on the allowability of certain costs. Final action is expected by August 1996.

REPORT

STATUS

Ohio Field Office

OH-95-003 ISSUED 12/06/94 (Management Decision 03/31/95)
REPORT NUMBER: ER-L-95-05
REPORT TITLE: Review of Fernald Environmental Restoration Management Corporation's Disclosure Statement Adequacy and Cost Accounting Standard Compliance

The review indicated that the Fernald Environmental Restoration Management Corporation's disclosure Statement did not adequately describe its cost accounting practices in two areas and questioned its compliance with two cost accounting standards. Final action is awaiting a contracting officer's determination regarding the current accounting practice.

Rocky Flats Field Office

RF-93-002 ISSUED 05/17/93 (Management Decision 09/23/93)
REPORT NUMBER: IG-0329
REPORT TITLE: Inspection of Management of Excess Personal Property at Rocky Flats

The inspection found that contractor management of excess personal property at Rocky Flats was not efficient, timely, or cost effective. Corrective action is complete on 14 of the 16 recommendations. Since a new contractor was hired in July 1995, another Personal Property Management Review must be conducted. Also, Personal Property Procedures are being revised after Rocky Flats review. Final action is expected in September 1996.

RF-94-001 ISSUED 03/09/94 (Management Decision 09/30/94)
REPORT NUMBER: WR-B-94-03
REPORT TITLE: Audit of M & O Contractors' Workers' Compensation Programs at the Rocky Flats Plant
(Agreed Upon Savings: \$216,000)

The Inspector General concluded that the cost of the management and operating Contractor's Workers' Compensation Programs was not reasonable. Since then a performance based contractor has taken over management of the Rocky Flats Plant. The contractor is preparing a cost estimate on the conduct of a feasibility study comparing the costs of a self administered insurance program and the current arrangement. Final action is expected in September 1996.

Savannah River Operations Office

SR-94-002 ISSUED 03/01/94 (Management Decision 06/06/94)
REPORT NUMBER: IG-0341
REPORT TITLE: Inspection of the Administration of Integrated Contractors' Procurements from Affiliated Companies.

This inspection concluded that there were conflicting contractual provisions between the prime and subcontracts and that documentation and review of the use of affiliated companies was inadequate. Corrective action is complete on six of the seven recommendations. Pending is a Defense Contract Audit Agency review of an internal audit report. Action should be completed by December 1996.

REPORT

Western Area Power Administration

WP-94-001 ISSUED 02/22/94 (Management Decision 07/28/94)
REPORT NUMBER: WR-FC-94-02
REPORT TITLE: DOE's Western Area Power Administration
FY 1993 Financial Statement Audit Under the Chief Financial
Officers Act.

COST ALLOWABILITY AUDITS

AL-93-008 ISSUED 05/04/93 (Management Decision 12/06/93)
REPORT NUMBER: WR-V-93-06
REPORT TITLE: Audit of Internal Controls That Assure FY 1992
Costs Claimed By and Reimbursed to Chem-Nuclear Geotech, Inc.,
Are Allowable Under DOE Contract NO. DE-AC04-86ID12584

OR-94-014 ISSUED 10/27/93 (Management Decision 03/08/94)
REPORT NUMBER: ER-V-94-02
REPORT TITLE : Audit of Internal Controls That
Assure Costs Claimed By and Reimbursed to Martin Marietta
Energy Systems, Inc., Are Allowable Under DOE Contract
No. DE-AC-5-84OR21400
(Agreed Upon Savings: \$95,521)

STATUS

This audit disclosed conditions in Western's internal control structure that required corrective action. Only one of the 13 recommendations remains open. The options with regard to accounting for \$11.1 million in abandoned project construction costs were reviewed by the customers who requested that the costs be written off. Western will seek the authority to do so through the FY 1998 budget process. If approved, the accounting adjustment will be made in early FY 1998. Final action is expected by March 1998.

The audit disclosed that Geotech did not have an internal audit function that complied with Department requirements. An internal auditor was hired and Albuquerque is continuing to monitor Geotech audit work to ensure that the quantity and quality are satisfactory. The target completion date is June 1996.

The Inspector General made recommendations regarding the audits performed by the contractor's internal audit staff and certain questioned costs. Corrective action on one of the four recommendations is still pending. Oak Ridge is making a determination on the allowability of certain costs. Final action is expected in June 1996.

REPORT

STATUS

OR-94-030 ISSUED 12/15/93 (Management Decision 03/17/94)
REPORT NUMBER: ER-V-94-03
REPORT TITLE : Audit of Internal Controls That Assure
Costs Claimed By and Reimbursed to Oak Ridge Associated
Universities Are Allowable Under U.S. DOE Contract
No. DE-AC-5-76OR0003

The audit found questioned costs and the need for a clearer definition of certain allowable corporate activities. Oak Ridge is making an allowability determination on the questioned costs and better defining allowable corporate activities. Final action is expected in June 1996.

RF-92-002 ISSUED 03/17/92 (Management Decision 09/22/92)
REPORT NUMBER: WR-V-92-08
REPORT TITLE: Internal Controls That Assure FY 1991 Costs
Claimed By and Reimbursed to EG&G Rocky Flats, Inc., Are
Allowable Under DOE Contract No. DE-AC04-90DP62349

The audit revealed that EG&G had not established adequate internal controls. Corrective action is complete on three of the four recommendations. EG&G is working on reducing the backlog of subcontractor cost incurred audits. It is anticipated that the backlog will be sufficiently reduced by September 1996.

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.