Semiannual Report to Congress on Inspector General Audit Reports

October 1, 1994 to March 31, 1995

May 1995
Washington, DC 20585
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It is my pleasure to transmit to the Congress of the United States, the Department of Energy's twelfth Semiannual Report on Inspector General Audit Reports, in accordance with the 1988 Amendments to the Inspector General Act.

The Department of Energy (DOE) 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
- Advancing the frontiers of science and technology

This report records our progress in eliminating waste, abuse, and mismanagement as we deliver our missions to the American people. We plan to do even more to uncover and prevent waste and mismanagement. The Chief Financial Officer and the Inspector General created a process improvement team to improve the audit resolution and followup process. The team's recommendations will improve and streamline the current process, while continuing to meet the requirements of the law and central agency guidance. The revised process will result in improved program management allowing the Department to deliver more to the Nation for less.

Hazel R. O'Leary
Secretary of Energy
U. S. Department of Energy

Semiannual Report to Congress on Inspector General Audit Reports

For the Period October 1, 1994 through March 31, 1995

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Introduction

This is the Secretary of Energy's twelfth 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, 1994 through March 31, 1995, the Department took final action on 32 operational, financial, and preaward audit reports. At the end of the period 90 reports awaited final action. Final action was taken on four contract and financial assistance audits, leaving four 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.
Significant Management Accomplishments

During the period October 1, 1994 through March 31, 1995, management decisions were reached on 47 Inspector General reports and final actions were implemented on 36 other Inspector General reports. The following information is provided on selected reports where corrective action has been accomplished.

IG-0360, "Audit of the Transfer of Government-Owned Property at the Mound and Pinellas Plants." This audit disclosed that some of the property that the Department planned to transfer, lease, loan or otherwise make available to economic development initiatives either had Defense Program requirements or was not properly screened to determine whether it was needed to fulfill other Departmental needs. In response to these findings, the Department issued "Interim Guidance for the Transfer of Personal Property at Weapons Production Facilities." The guidance defines the actions taken to incorporate appropriate sections of Public Law 103-160, the National Defense Appropriations Act for FY 1994, into the current procedures for the distribution of personal property that is excess to the needs of the Department. Along with this guidance was a description of the revised procedures to be used for the distribution of excess property consistent with Public Law 103-160. This action by the Department could result in one-time savings of approximately $13 million.

IG-0366, "Audit of Management of the Site Characterization Program at Yucca Mountain." The Office of Civilian Radioactive Waste Management, in an effort to return the program to a schedule that preserves critical milestones for completing site characterization by the year 2001, developed a new program approach that does not require completion of all measurements and analyses in the site characterization plan before evaluating suitability, selecting a final design, and submitting a license application to the Nuclear Regulatory Commission. This new approach will permit the phasing of tests to achieve the early technical site suitability evaluation and maintain the schedule for licensing, constructing, and operating the repository should the site be determined to be suitable. The actions taken by the Department were accomplished concurrent with the audit and were responsive to the concerns raised in the audit report and the recommendations made by the Inspector General.

WR-B-95-02, "Audit of Leased Facilities at Los Alamos National Laboratory." The Inspector General found that Los Alamos leased portable office trailers rather than purchasing them, even though cumulative leasing costs were substantially higher than initial purchasing costs. In response to the Inspector General's recommendations, the Department directed Los Alamos to estimate the time the proposed office trailers would be needed, perform a lease versus purchase analysis for each proposed acquisition, and select the more economical option.
IG-07-78, “Department-wide Audit of Carrier Selection and Invoice Verification.” The report stated that the DOE contractor/shippers were not consistent in following Federal regulations and DOE policy that commercial freight shipments be routed using carriers that can provide the required service at the lowest cost. More costly shipments and some excessive invoice payments occurred because DOE did not contractually require its shipping activities to use low-cost carriers and had not yet fully developed and established a Departmental automated transportation management program for processing shipping transactions and invoice payments. The Department has since completed development and implementation of the Automated Transportation Management System which currently covers 85 percent of DOE’s shipments. DOE also established a partnership with Consolidated Freightway, Inc. to pilot test the Electronic Data Interchange module for transmission of portable data files. There are numerous applications for DOE to use this technology in the shipment of hazardous materials and wastes via commercial motor carriers.

IG-0364, "Audit of Administration of the Department of Energy’s Small Disadvantaged Business Program." The Inspector General found that vendors of questionable eligibility received awards from each of the Department’s management and operating contractors, thereby diminishing the effectiveness of the Department’s small disadvantaged business program. As a result, the Department has issued a “Strategic Plan for Diversity" that includes goals for enhancing partnerships with small, minority-owned and women-owned businesses.

IG-0361, “Audit of Overtime Payments to Exempt Employees at the Savannah River Site." DOE Savannah River management, in response to Inspector General findings provided at the completion of the audit field work, requested Westinghouse Savannah River Company to revise its overtime policies for its more than 7,000 exempt employees. Specifically, DOE management directed Westinghouse to develop an exempt overtime proposal that established a salary threshold above which no overtime payment would be made; redefine how exempt overtime payments would be made so that such payment did not violate the provisions of the Fair Labor Standards Act; and stringently limit and define the extenuating circumstances under which exempt overtime should be paid. Subsequent meetings between DOE management and Westinghouse resulted in the elimination of all exempt overtime except for 192 personnel who have been assigned to perform shift work. Savings from this change are estimated at $3.2 million annually.

IG-0293, “Testing Laboratory Support to the Environmental Survey.” The Inspector General revealed that quality assurance standards were not effectively enforced and formal quality assurance guidance in operation and management oversight of contracted analytical laboratories was generally absent. DOE has developed a model contract technical statement of work designed to provide analytical services that meet user needs and assure the availability of data necessary to assess participant performance. Quality assurance and assessment guidance has been developed and issued and a management assessment program is being implemented.
### AUDIT REPORT STATISTICAL TABLE

For the Period October 1, 1994 through March 31, 1995

<table>
<thead>
<tr>
<th>Total Number of Audit Reports (Contract and Financial Assistance) and the dollar value of disallowed costs:</th>
<th>Number of Reports</th>
<th>Disallowed Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit reports with management decisions on which final action had not been taken at the beginning of the period</td>
<td>6</td>
<td>$449,130</td>
</tr>
<tr>
<td>Audit Reports on which management decisions were made during the period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Those issued after enactment of P.L. 100-504</td>
<td>2&lt;sup&gt;b/&lt;/sup&gt;</td>
<td>$3,757</td>
</tr>
<tr>
<td>Total audit reports pending final action during the period</td>
<td>8</td>
<td>$452,887</td>
</tr>
<tr>
<td>Audit reports on which final action was taken during the period:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recoveries (Payments to Contractors)</td>
<td>4</td>
<td>$125,757</td>
</tr>
<tr>
<td>Audit reports needing final action at the end of the period</td>
<td>4&lt;sup&gt;c/&lt;/sup&gt;</td>
<td>$327,130</td>
</tr>
</tbody>
</table>

<sup>a/</sup> 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.

<sup>b/</sup> Agrees with the Inspector General's Semiannual Report to Congress for the same reporting period.

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

*For the Period October 1, 1994 through March 31, 1995*

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:

<table>
<thead>
<tr>
<th>Number of Reports</th>
<th>Agreed Upon Funds Be Put To Better Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit reports with management decisions on which final action had not been taken at the beginning of the period</td>
<td>77</td>
</tr>
<tr>
<td>Audit reports on which management decisions were made during the period:</td>
<td></td>
</tr>
<tr>
<td>Operational and Financial</td>
<td>45</td>
</tr>
<tr>
<td>Preawards</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>45&lt;sup&gt;a/&lt;/sup&gt;</td>
</tr>
<tr>
<td>Total audit reports pending final action during period</td>
<td>122</td>
</tr>
<tr>
<td>Audit reports on which final action was taken during the period:</td>
<td></td>
</tr>
<tr>
<td>Operational and Financial</td>
<td>32</td>
</tr>
<tr>
<td>Preawards</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
</tr>
<tr>
<td>Audit reports needing final action at the end of the period</td>
<td>90</td>
</tr>
</tbody>
</table>

<sup>a/</sup> Includes eleven inspection reports not included in the Office of Inspector General's complementary report and excludes one audit report addressed to the Federal Energy Regulatory Commission.
In addition to the $144,133,880 in recommendations that funds be put to better use with which the Department agrees, there is $285,078,122 with which the Department disagrees. This amount is associated with eighteen operational and financial audits. The Department partially agreed with the estimated amount of cost avoidance in eight of these reports and disagreed entirely with the estimate in the other ten 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, 1995

REPORT

HEADQUARTERS OFFICES

Civilian Radioactive Waste Management

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

The report stated that the Department did not have a contract with the State of New York for the disposal of high-level radioactive waste at West Valley and for the payment of fees for such disposal. The estimation of the share of disposal costs which should be assigned to that State was developed and discussions with representatives of New York regarding a contract for the disposal of the nuclear waste have taken place. Nevertheless, New York continues to believe that a contract is not necessary. Since the transfer of the waste is still some years away, the Department has decided to not expend additional resources to pursue negotiations at this time. However, DOE has informed New York that it will not accept the waste until a contract is executed and the fees have been paid.

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 group to address issues related to geologic disposal of DOE radioactive waste was formed in August 1994, and a task team of that group is addressing the issues pertinent to this report.
REPORT

Economic Impact and Diversity

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

STATUS

The Inspector General found that the reporting relationship of some field office Equal Employment Opportunity managers was inappropriate; that organizational inefficiencies had delayed complaint processing; that counselors needed more training; and that a pertinent DOE Order needed updating. Corrective action is complete for five of the eight recommendations. The remaining three involve the revision of DOE order 1600, 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 draft order is being developed and is expected to be issued for formal Departmental coordination in June 1995.

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)

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 December 1995.

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

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 July 1995.
REPORT

Environmental Management

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

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

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

STATUS

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. Preliminary work is being done on a land use and disposal strategy and a formalized lessons learned program is being developed. Final action is expected in December 1995.

The Inspector General found that the Parking Committee had not been formally established or defined and that there were no formal guidelines for its activities. It also found that there was no Employee Transportation Coordinator for the Forrestal building. Such a coordinator has been designated and trained. DOE Order 1400.2B, “Parking Management,” has been revised to establish Forrestal parking policies and procedures. Issuance of the Order is awaiting the agreement of the Employees Union and is expected by September 1995.

The findings of this report were that the Department needed to improve its oversight of management and operating contractor pension plans to reduce expenditures and to develop a policy to prevent contractors from unilaterally terminating pension plans and keeping excess assets. The Departmental policy on funding levels of contractor pension plans was revised to a goal of maintaining an equilibrium between assets and present value of accrued benefits. This policy was formally issued in a letter to all Operations Offices in November 1989. A second draft of Order DOE 3830.1, which establishes policy in all aspects of contractor pension plans, was coordinated within the Department and numerous comments were received. Issuance of the Order is anticipated by October 1995.
REPORT

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 be sent out for formal coordination in June 1995.

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 June 1995.

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

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 June 30, 1995, when a directive that covers contractor compensation is issued. Final action is expected in September 1995.
REPORT

Human Resources and Administration

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-93-006 ISSUED 09/12/93 (Management Decision 01/10/94)
REPORT NUMBER: IG-0334
REPORT TITLE: Inspection of the Policies and Procedures for the Designation and Continuation of the DOE’s Federally Funded Research and Development Centers

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

STATUS

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 the order and a complementary guide will be issued by September 1995.

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 four of the six recommendations is complete. Pending is the implementation of the Department’s contract reform initiative and contracting officers’ determinations regarding questioned costs. Final action is expected in October 1995.

This inspection concluded that the decision to designate a management and operating contractor as a Federally Funded Research and Development Center is not adequately documented. A requirement that such a designation be reviewed as part of the extend/compete process was issued in Acquisition Letter 94-14 and in an interim rule last October. The final rule should be published in June 1995.

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.
REPORT

SA-92-003 ISSUED 11/18/91 (Management Decision 04/08/92)
REPORT NUMBER: IG-0303
REPORT TITLE: Inspection of a Work for Others Project at DOE Field Office, Albuquerque

NN-93-001 ISSUED 08/10/93 (Management Decision 03/31/94)
REPORT NUMBER: IG-0331
REPORT TITLE: Inspection of the Department’s Export Licensing Process for Dual-Use and Munitions Commodities

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 Pipeline Lease (Agreed Upon Savings: $3,146,710)

STATUS

The Inspector General addressed the need for additional procedural requirements to implement DOE Orders, improve management coordination, and improve associated documentation; analysis of current procurement and security regulations and policies; and establishing and publishing a DOE policy on the conduct of polygraph examinations in certain circumstances associated with intelligence related activities. The review of current regulations and policies is complete, and Special Access Program requirements will be codified in a revision to the Departmental order on Information Security. The revised order is in the formal coordination phase and should be published by June 1995.

The inspection revealed several areas of the export licensing process which could be improved. Corrective actions are complete for 7 of the 11 recommendations. A high speed data link between DOE and the Department of Commerce is currently scheduled to be activated by the end of Fiscal Year 1995. Additionally, the Export Central guidelines are being revised. Final action is expected by December 1995.

This followup audit of two earlier reports 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. An Expression of Interest notice has been published in the Commerce Business Daily. Once responses to the notice are received, Albuquerque will proceed with a Request for Proposal for disposition of the DOE-owned gas pipeline on a competitive basis. Because of time frames and procedures set out in DOE and federal rules and regulations, corrective action relating to the pipeline will not be completed until October 1996.
REPORT

Albuquerque Operations Office

AL-93-012 ISSUED 08/02/93 (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)

AL-94-002 ISSUED 12/07/93 (Management Decision 03/11/94)
REPORT NUMBER: IG-0338
REPORT TITLE: Audit of Personal Property Management at Los Alamos National Laboratory
(Agreed Upon Savings $10,450,000)

STATUS

The Inspector General stated that Los Alamos did not acquire computer maintenance in the most economical manner. Corrective action is complete for six of the seven recommendations. Los Alamos has revised its controls over computer equipment maintenance. The effectiveness of these controls will be evaluated during the next formal computer resource management appraisal. This is expected to occur in June 1995.

Idaho Operations Office

ID-93-012 ISSUED 09/29/93 (Management Decision 12/15/93)
REPORT NUMBER: WR-B-93-07
REPORT TITLE: Audit of Light Vehicle Fleet Management at the Idaho National Engineering Laboratory
(Agreed Upon Savings: $1,292,190)

The Inspector General reported that management of the light vehicle fleet at the Idaho National Engineering Laboratory (Laboratory) could be more efficient and economical. Corrective action on five of the eight recommendations is complete. The new management and operating contractor for the Laboratory has completed a field audit and is performing analysis and preparing a report on fleet operations. It is anticipated that the fleet reorganization plan will be completed in December 1995.

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

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 Nevada and two Headquarters organizations. It is expected that all corrective actions will be completed by September 1995.
REPORT

NV-93-005 ISSUED 08/12/93 (Management Decision 03/31/94)
REPORT NUMBER: WR-B-93-05
REPORT TITLE: Audit of the Health Benefits Program at Reynolds Electrical and Engineering Company, Inc.

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 an audit of the Health Benefits Program at Reynolds Electrical and Engineering Co., Inc. (Reynolds), and made four recommendations to improve it. Corrective action is complete on all but one of the recommendations, which will be completed when Reynolds submits its revised Retirement Option Program Summary Plan description for DOE Headquarters review and approval. Final action is expected by September 1995.

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, 6 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 and Westinghouse through calendar year 1990. 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

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

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

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

COST ALLOWABILITY AUDITS

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

STATUS

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 June 30, 1995.

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 inspection found that contractor management of excess personal property at Rocky Flats was not efficient, timely, or cost effective. Corrective action is incomplete on only 3 of the 16 recommendations. A Personal Property Management Review has been conducted and a Personal Property Manual is being revised after Rocky Flats review. In addition, the Department is reviewing documentation relevant to making a cost allowance determination regarding damaged property. Final action is expected in September 1995.

The Inspector General reported that TRW had not conducted required allowable cost audits, had made executive compensation without prior approval, and had incurred certain restaurant and equipment costs which were questionable. The audits have been performed and all disallowed costs have been recovered. The analysis of the executive compensation has been completed and an agreement will be reached by June 1995.
REPORT

AL-93-008 ISSUED 05/04/93 (Management Decision 12/06/93)
REPORT NUMBER: WR-V-93-06

AL-93-014 ISSUED 09/30/93 (Management Decision 03/14/94)
REPORT NUMBER: WR-V-93-08
REPORT TITLE: Audit of Internal Controls That Assure Fiscal Year 1992 Costs Claimed By and Reimbursed to Allied-Signal, Kansas City Division, are Allowable Under DOE Contract No. DE-AC04-76DP00613 (Agreed Upon Savings: $32,150)

OR-94-014 ISSUED 10/27/93 (Management Decision 03/08/94)
REPORT NUMBER: ER-V-94-02

OR-94-034 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

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

STATUS

The audit disclosed that Geotech did not have an internal audit function that complied with Department requirements. An internal auditor has been hired and Albuquerque is working with Geotech to ensure that adequate internal audit coverage is provided. The target completion date is June 1995.

The audit found several problems with Los Alamos Laboratory’s management of personal property. Three of the eight recommendations are still open. Albuquerque conducted a comprehensive personal property review of Los Alamos in 1994 and has prepared an action plan for correction of the deficiencies noted by the Inspector General and by Albuquerque. Many of the action items have been corrected, including completion of a wall-to-wall inventory and reconciliation of book inventory to actual inventory. Albuquerque is monitoring the effectiveness of Los Alamos’ corrective action on a frequent basis. The target completion date for all action is June 1995.

The Inspector General made recommendations regarding the audits performed by the contractor’s internal audit staff and certain questioned costs. Corrective action on two of the four recommendations is still pending. Oak Ridge is developing a policy on controlled business expenses and is making a determination on the allowability of certain costs. Final action is expected in August 1995.

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 August 1995.

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.
LITIGATION

ID-90-006 ISSUED 12/19/89 (Management Decision 02/13/91)
REPORT NUMBER: WR-O-90-01
REPORT TITLE: Unrecovered Costs on Interagency Agreement No. TV-68-345A Between the Tennessee Valley Authority and the Idaho Operations Office (ID)
(Agreed Upon Savings: $3,253,510)

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.

STATUS
This report is currently in litigation.