

United States
Department of Energy



Semiannual Report to Congress on Inspector General Audit Reports

April 1, 1994 to September 30, 1994

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MASTER

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

For the Period April 1, through September 30, 1994

TABLE OF CONTENTS

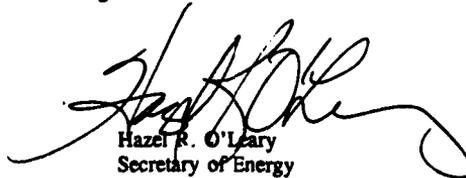
FOREWORD	1
INTRODUCTION	3
SIGNIFICANT MANAGEMENT ACCOMPLISHMENTS	5
AUDIT REPORT STATISTICAL TABLES	7
AUDIT REPORTS OPEN ONE YEAR AFTER MANAGEMENT DECISION	10

Foreword

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

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

As part of our ongoing quality management effort, the Chief Financial Officer and the Inspector General have chartered a process improvement team to explore options for enhancing the present audit resolution and followup process. The team is expected to improve and streamline the process, while continuing to meet the requirements of the law and central agency guidance. The results of this team effort will ensure that the improved process is value-added to all its customers and that we continue to manage our programs without waste, abuse, or mismanagement.



Hazel R. O'Leary
Secretary of Energy

Introduction

This is the Secretary of Energy's eleventh 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, April 1, through September 30, 1994, the Department took final action on 40 operational, financial, and preaward audit reports. At the end of the period 77 reports awaited final action. No final action was taken on contract and financial assistance audits, leaving six reports requiring final action at the end of the period.

This report has three sections. The first 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 April 1 through September 30, 1994, management decisions were reached on 32 Inspector General reports and final actions were implemented on 40 other Inspector General reports. The following information is provided on selected reports where corrective action has been accomplished.

WR-B-93-065. "Audit of Controls Over Firearms and Ammunition at the Central Training Academy and the Transportation Safeguard Division, Albuquerque, New Mexico." The Inspector General audit revealed no discrepancies with physical control or accountability of firearms at either facility, however, the conclusion was that the procedures and practices for physically controlling, accounting for, and issuing ammunition at the Central Training Academy were deficient. As a result, the Department has instituted additional administrative controls over the physical control and issuance of ammunition that will ensure only the ammunition needed for course instruction is purchased and expended. In addition, procedures have been changed, incorporating a two-person rule for ammunition sign out/in, to ensure ammunition is not left unattended by range personnel prior to physically transferring the ammunition to the instructor, and to ensure that physical control of ammunition is maintained continuously once it is removed from storage.

IG-0319. "Administration of Conflict of Interest Relating to Technology Transfer at Los Alamos National Laboratory." In an apparent conflict of interest in their outside activities, Los Alamos National Laboratory employees appeared to make decisions, use Government resources, and take privileged information to further their personal financial interest in their respective spin-off businesses. These situations occurred because the Laboratory neither adequately identified nor properly avoided situations in which potential conflicts of interest were apparent. At the direction of the Department, the Los Alamos National Laboratory, in conjunction with the University of California, revised their conflict of interest policies to be consistent with the University's other laboratories and in compliance with the University of California contract with the Department. The new policies were implemented in May 1994. The Department will conduct annual reviews to ensure the effectiveness of these policies.

IG-0351. "Audit of Costs and Management of the Yucca Mountain Project." The Office of Civilian Radioactive Waste Management, in an effort to achieve significant savings in overhead costs, has streamlined procurement and fund allocation practices that were identified by the Inspector General during the course of this audit. The restructuring of the Yucca Mountain Site Characterization Office has clarified and refocused the management and integration function to provide more efficient operations. At the same time, providing funds directly to laboratories and universities, centralizing procurement activities, examining the feasibility of consolidating multiple subcontracts, and more clearly defining roles and responsibilities of the participants has improved the cost effectiveness of operations.

ER-B-94-04. "Audit of Martin Marietta Energy Systems, Inc.'s Use of Government Supply Sources." The Inspector General found that Martin Marietta Energy Systems, a management and operating contractor at Oak Ridge, often did not use Government supply sources when these sources were available, economically advantageous, or otherwise in the Government's best interest. In response to the Inspector General's recommendations, the Department has directed Energy Systems to revise its written procedures to be consistent with Department of Energy Procurement Regulations and also to require buyers to fully consider Government supply sources prior to awarding purchase agreements. In addition, the contracting officer is reviewing the report findings in order to determine the allowability of the costs questioned by the Inspector General.

ER-B-94-03. "Audit of Production Decline and Nonnuclear Consolidation at the Mound Plant." Although the Department took some actions to reduce staffing and capital equipment costs, the Inspector General found that staffing levels were not reduced commensurate with declining workload requirements and capital projects were not delayed or canceled in response to the Nonnuclear Consolidation Plan in 1992. In response to the report, the Department developed and implemented an improved management control system which identifies and tracks workload trends and uses these trends to forecast workload requirements for staffing individual cost centers. As a result of using the information from the management control system, contractor staffing has been reduced by 24 percent. In addition, all nonessential capital projects at the Mound Plant have been canceled and the funding withdrawn.

IG-0314. "Pension Fund Activities at Department Laboratories Managed by the University of California." In response to the Inspector General's concerns that the Department had not implemented controls necessary to adequately protect the Department's contributions to, and interest in, the University's pension fund, the Department is in the process of assessing the reasonableness of the actuarial assumptions and resulting contributions to the retirement plan.

ER-BC-94-02. "Audit of the Waste Management Program at the Fernald Environmental Management Project." The Inspector General found that facilities and equipment were acquired for the Fernald Environmental Management Project but not used for extended periods; excessive costs for architect and engineering services were incurred; and work that could have been accomplished at lower cost in-house was subcontracted. In response, the Department has implemented several initiatives including limiting architect and engineering services costs and requiring that a formal cost-benefit analysis be submitted with the project request. In addition, with the expiration of the contract with Westinghouse Environmental Management Company of Ohio, the new contractor has taken action to avoid using subcontractors for future residue processing; on-site decontamination facilities will be used instead.

AUDIT REPORT STATISTICAL TABLE

For the Period April 1, through September 30, 1994

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	4	\$ 327,130
Audit Reports on which management decisions were made during the period:		
Those issued after enactment of P.L. 100-504	2 ^{b/}	<u>122,000</u>
Total audit reports pending final action during the period	6	\$ 449,130
Audit reports on which final action was taken during the period:		
Recoveries (Payments to Contractors).	0	<u>- 0 -</u>
Audit reports needing final action at the end of the period	<u>6</u> ^{c/}	<u>\$ 449,130</u>

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

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

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

AUDIT REPORT STATISTICAL TABLE

For the Period April 1, through September 30, 1994

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

	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 . . .	85 ^{a/}	\$ 82,318,700
Audit reports on which management decisions were made during the period:		
Operational and Financial	32	\$466,218,688
Preawards	<u>0</u>	<u>0</u>
Total	32 ^{b/}	\$466,218,688
Total audit reports pending final action during period	<u>117</u>	<u>\$548,537,388</u>
Audit reports on which final action was taken during the period:		
Operational and Financial	40	\$127,905,226
Preawards	<u>0</u>	<u>0</u>
Total	<u>40</u>	<u>\$127,905,226</u>
Audit reports needing final action at the end of the period . . .	<u>77</u>	<u>\$420,632,162</u>

^{a/} Adjusted to include one report not previously recognized as lacking final action.

^{b/} Includes nine inspection reports not included in the Office of Inspector General's complementary report and excludes five audit reports addressed to the Federal Energy Regulatory Commission.

In addition to the \$466,218,688 in recommendations that funds be put to better use with which the Department agrees, there is \$168,865,312 with which the Department disagrees. This amount is associated with six operational audits. The Department partially agreed with the estimated amount of cost avoidance in four of these reports and disagreed entirely with the estimate in the other two 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 September 30, 1994*

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

STATUS

The report stated that the Department did not have a contract with the State of New York for the disposal of high-level radioactive waste at West Valley and for the payment of fees for such disposal. The estimation of the share of disposal costs 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. Followup meetings had been delayed pending development of a joint Office of Civilian Radioactive Waste Management and Office of Environmental Management proposal on how to prioritize and time the several ongoing negotiations with New York. Further action is currently awaiting a review of the issues by the General Counsel.

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 Developments

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 has recently been formed. It is expected that a working group will address the issues pertinent to this report.

REPORTS

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 consultants 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, require 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 during December 1994.

Energy Information Administration

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

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

Environment, Safety and Health

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

During its inspection of several DOE facilities, the Inspector General found suspected substandard parts in inventory and in use and concluded that the Department's efforts to receive product substitution issues had not been successful. The report contained recommendations for a Department-wide approach to the development of policies, procedures and training on this issue, and for site specific actions. Corrective actions are complete on 11 of the 14 recommendations. Ongoing activities include the establishment of a working group to coordinate Departmental actions against suspect and counterfeit items, a training program, and increased use of a DOE data base. Final action is expected by January 1995.

REPORTS

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: \$3,280,000)

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

Fossil Energy

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

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 December 1995.

The report stated that the Department did not complete all corrective actions pertaining to an earlier Inspector General report because it did not fully comply with its audit follow-up requirements. DOE has now decided which projects can be used for environmental restoration at Fernald and has canceled the others. A site development plan was issued in June 1994, and Environmental Management is developing an audit follow-up tracking system. Final action is expected by March 1995.

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 a joint pilot project with the Environmental Protection Agency to develop a streamlined approach for environmental restoration. A formalized lessons learned program is also being instituted. Final action is expected in December 1995.

The audit report findings were that the Strategic Petroleum Reserve did not capitalize all significant and identifiable crude oil costs, resulting in an underestimation of crude oil inventories, and that all necessary documentation to provide reasonable assurance that assets were properly recorded and controlled was not maintained. Of the six recommendations, two remain open. They will be closed with the issuance of a local order on crude oil capitalization procedures that is in final review. This is expected during December 1994.

REPORT

Human Resources and Administration

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

STATUS

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 Forrester building. Such a coordinator has been designated and trained. DOE Order 1400.2B, "Parking Management," has been revised to establish Forrester parking policies and procedures. Issuance of the order is awaiting the agreement of the Employees Union and is expected during December 1994.

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

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

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 issued by January 1995.

REPORT

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

SA-92-003 ISSUED 11/19/91 (Management Decision 04/09/92)
REPORT NUMBER: IG-0203
REPORT TITLE: Inspection of a Work for Others Project at
DOE Field Office, Albuquerque

FIELD OFFICES

Albuquerque Operations Office

AL-91-019 ISSUED 09/30/91 (Management Decision 12/06/91)
REPORT NUMBER: WR-9C-91-02
REPORT TITLE: Financial Administration for Work for
Nonfederal Sponsor, DOE Albuquerque Operations

STATUS

This is an extensive classified report on nuclear safeguards and security at DOE facilities. It has 83 recommendations, 78 of which have been closed to date. Action on several of the five recommendations will 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 those remaining recommendations is January 1997.

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 a determination made to codify Special Access Programs requirements by issuing page changes to an existing Departmental order. Issuance is expected by January 1995.

Federal laws and regulations required the Department to aggressively pursue collecting amounts owed the Government. Corrective action on seven of the eight recommendations is completed. The Office of the Inspector General recommended that Albuquerque Operations Office obtain an Office of General Counsel opinion on whether the Federal Claims Collection Standards apply to the Mesa Diagnostics funds-in agreement. Background information regarding the decision on the Mesa agreement originally made by Albuquerque and a request for an opinion thereon was sent to the Office of General Counsel in March 1994. The target completion date is December 31, 1994.

This audit found that the contractor, EG&G, had poor internal controls over its payroll system. Corrective action is complete on four of the five recommendations. Modification of the payroll system to restrict access to payroll files has been delayed because of the urgency to implement the Mound Integrated Cost System to accommodate task order contracting. The target completion date is December 31, 1994.

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

REPORT

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

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 (Los Alamos)
(Agreed Upon Savings: \$132,375)

Nevada Operations Office

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

Rocky Flats Operations 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

STATUS

This followup audit of two earlier reports found that Albuquerque had not completed corrective actions; particularly, the pipeline lease had not been reple-a-d. Gas supply and transportation contracts with the Defense Fuels Supply Center have been negotiated and are in place for all facilities. Evaluation of alternative plans for operation and maintenance of the DOE-owned natural gas pipelines servicing Los Alamos National Laboratory and the town of Los Alamos has been completed and a memorandum of understanding has been sent to Headquarters for review and approval. 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.

The Inspector General stated that Los Alamos did not acquire computer maintenance in the most economical manner. Corrective action is complete for five 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. The Albuquerque Operations Office will revise the local implementing order for acquisition and management of computing resources to conform to the revised DOE order, once it is issued. This is expected to occur in June 1995.

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, 10 remain open pending finalization of corrective actions by Nevada and three Headquarters organizations. It is expected that all corrective actions will be completed by September 1995.

The Inspector General found that contractor management of excess personal property at Rocky Flats was not efficient, timely, or cost effective. Corrective action is incomplete on 4 of the 16 recommendations. A Personal Property Management Review is being conducted and a Personal Property Manual and a report on corrective actions taken are under review. In addition, the Department is reviewing documentation relevant to making an allowable cost determination regarding damaged property. Final action is expected in September 1995.

REPORT

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)

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)

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 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 Inspector General's findings related to implementation of DOE policies and procedures, some recommendations were addressed to Headquarters organizations. Of the 65 recommendations, 7 still require corrective action. The estimated completion date is September 1995.

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 completed and recovery of any unallowable costs can 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 through calendar year 1989, and for 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, and any disallowed amounts have been recovered.

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 that were questionable. The audits have been performed and all disallowed costs have been recovered. The analysis of the executive compensation will be completed during December 1994.

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 uncertain when this will be completed.

REPORTS

STATUS

LITIGATION

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

This report is currently in litigation.

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