



U.S. Department of Energy  
Office of Inspector General  
Office of Inspections and Special Inquiries

# Inspection Report

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Contractor Compliance with  
Deemed Export Controls

DOE/IG-0645

April 2004



## Department of Energy

Washington, DC 20585

April 13, 2004

### MEMORANDUM FOR THE SECRETARY

FROM:

*Greg Friedman*  
Gregory H. Friedman  
Inspector General

SUBJECT:

INFORMATION: Inspection Report on "Contractor Compliance with Deemed Export Controls"

### BACKGROUND

The National Defense Authorization Act for Fiscal Year 2000 requires that between 2000 and 2007, the President shall submit to Congress an annual report to include a review that examines export control issues by the Offices of Inspector General (OIGs) of the Departments of Energy, Commerce, State, and Defense. For 2004, the OIGs for these agencies and the Department of Homeland Security and the Central Intelligence Agency reviewed compliance by contractors and universities with deemed export controls for access to unclassified technologies. Release to a foreign national of technology or software that is subject to the Export Administration Regulations is "deemed to be an export" to the home country of the foreign national. Release includes visual access by foreign nationals to United States-origin equipment and facilities and oral exchange of information.

For this inspection, we conducted a limited review of deemed export controls at General Atomics Corporation (General Atomics), a contractor that conducts work for the Department of Energy's (Energy's) Office of Science (Science) and the National Nuclear Security Administration (NNSA), and the Ames Laboratory (Ames), which is a Science laboratory. The objectives of our inspection were to determine: (1) if General Atomics and Ames comply with deemed export controls for access by foreign nationals to sensitive technologies, and (2) the status of recommendations from prior Energy OIG interagency reviews conducted under the National Defense Authorization Act for Fiscal Year 2000.

### RESULTS OF INSPECTION

Based upon our reviews at General Atomics and Ames, we determined that current Energy policy for unclassified foreign visits and assignments was incomplete. Specifically, current policy did not adequately describe the responsibilities of laboratory hosts of visitors and assignees. Further, we found that hosts were not knowledgeable of their responsibilities regarding deemed export controls. We also determined there was inconsistent application of Energy export control guidance regarding access by foreign nationals to sensitive technologies. We found that when staffing research projects, General Atomics fully considered deemed export issues involving foreign national access to sensitive equipment. Ames, however, did not



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consider visual access to sensitive equipment or its use by foreign nationals, as required by Energy deemed export guidelines.

We noted that there were eight open recommendations from prior Energy OIG interagency reviews conducted in 2000 and 2001 under the National Defense Authorization Act. Five of the eight recommendations addressed the need to update unclassified foreign visits and assignments policy. The remaining recommendations addressed the need for more coordination between Energy, Commerce, and State.

#### MANAGEMENT REACTION

Management concurred with our recommendations and agreed to implement corrective actions. Management disagreed, however, with our conclusions concerning procedures in place at Ames. These issues are discussed in the body of the report.

#### Attachment

cc: Deputy Secretary  
Administrator, National Nuclear Security Administration  
Under Secretary for Energy, Science and Environment  
Director, Office of Security and Safety Performance Assurance  
Director, Office of Science  
Manager, Chicago Operations Office  
Manager, Livermore Site Office  
Director, Policy and Internal Controls Management

# INSPECTION OF CONTRACTOR COMPLIANCE WITH DEEMED EXPORT CONTROLS

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### INTRODUCTION AND OBJECTIVES

Export controls are needed to protect the security of the United States and reduce the proliferation of weapons of mass destruction. Access by a foreign national to a sensitive technology is “deemed” to be an export to the foreign national’s home country.

Accordingly, the Department of Energy (Energy), as well as private contractors and universities conducting Energy work, are required by Federal export control regulations to control access by foreign nationals to sensitive technology at all Energy facilities. In particular, access by foreign nationals from countries identified by Energy as “sensitive,” such as Israel and China, to facilities in the United States that work with sensitive technologies must be appropriately controlled.

The National Defense Authorization Act for Fiscal Year 2000 requires that between 2000 and 2007, the President shall submit to Congress an annual report to include a review by the Offices of Inspector General (OIGs) of Energy and the Departments of Commerce (Commerce), State (State), and Defense that examines export control issues. For 2004, the OIGs for these agencies as well as the Department of Homeland Security and the Central Intelligence Agency reviewed compliance by contractors and universities with deemed export controls for access to unclassified technologies. For this inspection, we conducted a limited review of deemed export controls at General Atomics Corporation (General Atomics), a contractor that conducts work for Energy’s Office of Science (Science) and the National Nuclear Security Administration (NNSA), and the Ames Laboratory (Ames), which is a Science laboratory at Iowa State University. The objectives of our inspection were to determine:

- If the contractor and university comply with deemed export controls for access by foreign nationals to sensitive technologies; and
- The status of recommendations from prior Energy OIG interagency reviews conducted under the National Defense Authorization Act.

The OIG has frequently reviewed the unclassified foreign visits and assignments policy, as established by the Energy Office of Security and Safety Performance Assurance, and export control activities, as conducted by NNSA’s Office of Export Control Policy and Cooperation (ECPC). Prior OIG reports concerning Energy’s unclassified foreign visits and assignments policy and export control activities are listed in Appendix C.

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**OBSERVATIONS AND CONCLUSIONS**

Based upon our review at General Atomics and Ames, we determined that current Energy policy for unclassified foreign visits and assignments was incomplete and did not specify the responsibilities of those contractor employees charged with hosting foreign nationals. We also determined there was inconsistent application of Energy export control guidance regarding access by foreign nationals to sensitive technologies. Specifically, we found that:

- Some hosts were not knowledgeable of their responsibilities regarding deemed export controls for foreign national visitors and assignees; and
- When staffing research projects, General Atomics fully considered deemed export issues involving foreign national access to sensitive equipment. Ames, however, did not consider visual access to sensitive equipment or its use by foreign nationals, as required by Energy deemed export guidelines.

Eight recommendations remain open from prior Energy OIG interagency reviews of export controls conducted under the National Defense Authorization Act. Five of the eight open recommendations address the need to update unclassified foreign visits and assignments policy. The remaining recommendations address the need for more coordination between Energy, Commerce, and State. Details about the open recommendations can be found in Appendix D.

## Details of Findings

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### FOREIGN VISITS AND ASSIGNMENTS POLICY

We found that some hosts were not knowledgeable of their responsibilities regarding deemed export controls for foreign national visitors and assignees. We interviewed 19 hosts of foreign nationals at General Atomics and 18 hosts of foreign nationals at Ames. Five hosts at General Atomics and nine hosts at Ames either did not understand the concept of deemed exports or were not familiar with their corresponding host responsibilities. Many of these hosts had attended only one training session concerning deemed export issues.

The current Energy unclassified foreign visits and assignments Notice and Policy, both issued in 1999, define a host but do not discuss host responsibilities or training requirements. We believe that those charged with hosting foreign nationals must have a thorough understanding of their responsibilities if they are to be fully effective in preventing improper access to sensitive technologies.

We discussed the lack of guidance regarding host responsibilities for foreign nationals in a prior OIG report. In our report, *Inspection of the Department of Energy's Export License Process for Foreign National Visits and Assignments, DOE/IG-0465, March 2000*, we recommended that Energy revise the 1999 unclassified foreign visits and assignments guidance to identify host roles and responsibilities. As of April 2004, this guidance has not been issued.

### EXPORT POLICY

We found that when staffing research projects, General Atomics fully considered deemed export issues involving foreign national access to sensitive equipment. Ames, however, did not consider visual access to sensitive equipment or its use by foreign nationals, as required by Energy deemed export guidelines. Specifically, General Atomics officials advised us that they verify that foreign nationals from sensitive countries do not have access to sensitive equipment, including visual access and use. Ames had export control policies and procedures in place and conducted verifications; however, Ames did not account for visual access or use of sensitive equipment by foreign nationals from sensitive countries when staffing at least one research project. The Department had issued "Guidelines on Export Control and Nonproliferation" that addressed deemed exports and appropriate equipment usage by foreign nationals, including foreign nationals from sensitive countries. We noted that General Atomics was aware of these guidelines and took appropriate action regarding equipment use by foreign nationals. The responsible Ames

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official, however, told us that the Laboratory was not aware of the guidelines.

We discussed the situation at Ames with ECPC and Commerce officials. Specifically, we provided documentation regarding a project at Ames that we believed involved sensitive equipment that could be accessed by a foreign national working at Ames. After reviewing the documentation, the officials advised that the project did involve the use of potentially sensitive equipment. Commerce officials said that if foreign nationals from certain sensitive countries had used this equipment, an export license would have been needed.

We discussed our concern regarding the consistent application of Energy export guidance with ECPC officials. ECPC officials said that all sites, including Ames and General Atomics, should be aware of these guidelines and apply them consistently to ensure that sensitive technologies will not be inadvertently transferred to foreign nationals. ECPC officials also stated that because ECPC does not have oversight responsibilities, it cannot be certain that all Energy facilities and contractors are addressing deemed export concerns.

We note that a recent OIG audit report, *Safeguards Over Sensitive Technology, DOE/IG-0635, January 2004*, recommends the creation of consistent policy regarding access by foreign nationals to certain projects involving sensitive technologies. However, the audit did not specifically address access by foreign nationals to technologies subject to export controls.

## **RECOMMENDATIONS**

We recommend that the Director, Office of Security and Safety Performance Assurance:

1. Expedite issuance of a draft unclassified foreign visits and assignments Order 142.X that addresses training requirements and responsibilities for hosts of foreign nationals.

We also recommend that the Deputy Administrator, Defense Nuclear Nonproliferation, who has cognizance over the Office of Export Control Policy and Cooperation:

2. Ensure that export control guidance, including deemed export guidance, is disseminated and is being consistently implemented throughout the Energy complex.



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**MANAGEMENT  
COMMENTS**

Management concurred with our recommendations. Security advised that the final directive for unclassified foreign visits and assignments will be issued in April 2004. Science, whose comments are included within the response from Security, disagreed with our conclusions about Ames. Science commented that Ames has all the necessary processes in place to ensure that foreign nationals are not obtaining access to potentially sensitive technologies or equipment without the necessary approvals or licenses. Additionally, Science indicated that the project cited had been reviewed and involved fundamental research to be published in open literature.

NNSA advised that NNSA plans to provide export policies to all program elements, to conduct a survey of selected field sites to determine problems in implementing this guidance, and to conduct random reviews to gauge implementation consistency. Further, the results of the survey and the random reviews will be provided to the accountable program managers for any further action. Management's comments are provided in their entirety in Appendix B.

**INSPECTOR  
COMMENTS**

We consider management's comments to be responsive to our recommendations. Regarding Science's comment that Ames had all necessary processes in place, we observed that Ames personnel were not aware that even limited access to sensitive equipment by foreign nationals could require an export license. Science's comment that the project cited involved fundamental research to be published in open literature does not address our concern, which was about the equipment being utilized, not the nature of the research or resulting publications. As appropriate, changes were made to this report to address specific management comments.

## Appendix A

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### SCOPE AND METHODOLOGY

We interviewed Federal and contractor Energy and NNSA officials at Headquarters, General Atomics, Livermore Site Office, Ames, and the Chicago Operations Office. We also reviewed documents relevant to export controls and foreign visits and assignments.

As part of our review, we also evaluated Energy's implementation of the "Government Performance and Results Act of 1993." We determined that General Atomics and Ames do not have performance measures relevant to deemed exports. We note that the recent OIG Audit report *Safeguards Over Sensitive Technology, DOE/IG-0635, January 2004*, recommended the creation of performance measures relevant to sensitive technology controls. We believe that creating separate deemed export performance measures would be redundant because a deemed export cannot be identified or measured without first identifying whether it involves a sensitive technology. Accordingly, the recommendation from the above-mentioned report adequately addresses the issue of performance measures relevant to deemed exports.

This inspection was conducted in accordance with the "Quality Standards for Inspections" issued by the President's Council on Integrity and Efficiency.



**Department of Energy**  
Washington, DC 20585

March 1, 2004

MEMORANDUM FOR ALFRED K. WALTER, ACTING ASSISTANT  
INSPECTOR GENERAL FOR INSPECTIONS AND  
SPECIAL INQUIRIES

FROM: GLENN S. PODONSKY, SP-1

SUBJECT: Draft Report on "Inspection of Contractor and  
University Compliance with Deemed Export Controls"

As you requested in your memorandum, dated February 18, 2004, a review of the subject draft report has been completed by this office. As The Office of Security is responsible for the promulgation of policy dealing with Visits and Assignments by Foreign Nationals, we are providing comments regarding this topical area. The National Nuclear Security Administration will provide separate comments regarding the Export Control issues in the report. As the sites that were inspected are under the purview of the Office of Science, the report has been reviewed by that office and their comments are included in this consolidated response.

Specific comments from the Office of Security are as follows:

**1. Recommendation 1.** Expedite issuance of a draft unclassified foreign visits and assignments Order 142.X, that addresses training requirements and responsibilities for hosts of foreign nationals.

**Comment:** This office concurs with the first recommendation, and provides the following information regarding the status of this directive. Following the completion of the review and comment period for draft DOE Order 142.X, *Unclassified Foreign Visits and Assignments Program* on October 14, 2003, all comments were carefully considered. The final draft of the order and responses to these comments were posted on REVCOM on February 9, 2004. At this point in time concurrences have been entered by all commenting offices with the exception of the Office of Counterintelligence and the National Nuclear Security Administration. A meeting of representatives of the Office of Security and these two organizations was held on February 24, 2004, to resolve the final outstanding issues and we anticipate publication of the final directive by April 1, 2004.

**2. Appendix C, Status of Recommendations from Prior Reports.** "Regarding Recommendation 8, we recommend that the Director, Office of Security and Emergency Operations, require that all Energy sites having foreign national visitors or assignees enter information regarding the visits or assignments into FARMS, or a designated central Energy database."

**Comment:** This action should be considered closed in light of the November 5, 2001, Deputy Secretary of Energy (Blake) memorandum "Departmental Use of Foreign Access Central Tracking System," which requires Department-wide use of the Foreign Access Central Tracking System (FACTS), and the December 17, 2002, Deputy Secretary of Energy (McSlarrow) memorandum, "Interim Guidance for Implementation of the Department's Unclassified Foreign Visits and Assignments Program." These memoranda require all Energy sites to comply with the requirements of this recommendation. We do acknowledge that the final publication of DOE O 142.X, *Unclassified Visits and Assignments Program*, will include a reiteration of this requirement, however, the required data is being entered at the current time.

Office of Science submits the following comments:

**1) Introduction (paragraph 1)** - "Access by foreign nationals from sensitive countries such as Israel, North Korea, China and Iran to facilities in the United States that work with sensitive technologies must be appropriately controlled."

**Comment:** We fully agree that sensitive technologies must be appropriately controlled. However, while the countries listed are all "sensitive," North Korea and Iran are also "terrorist" countries. DOE has imposed more restrictive controls on foreign nationals from terrorist countries (per the December 17, 2002, Deputy Secretary of Energy memorandum). Thus it is prudent to have a graded approach and not to imply that representatives from each of these four example countries are treated the same.

**2) Observations and Conclusions** - "When staffing research projects General Atomics considered whether foreign nationals would have access to sensitive technologies, while Ames did not."

**Comment:** Processes, described below, are in place to control access to foreign nationals, and have been developed specifically for this purpose. The conclusion statement is therefore not accurate.

As written the statements regarding Ames Laboratory are misleading. Specifically, processes are in place at Ames Laboratory regarding access to sensitive equipment by foreign nationals. These processes include:

1. Periodic review by management and researchers of Ames Laboratory's "Sensitive Technologies List" which includes known potentially sensitive equipment.
2. Review of all new proposals and an annual review of all funded research for export control, including sign-off by the principal investigator or program director and the Export Control Manager.
3. Review of the foreign national's visit or assignment before the foreign national arrives at Ames Laboratory.

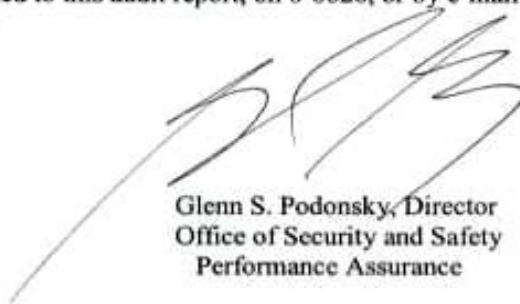
## Appendix B

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In the example cited in the Draft Inspection Report, the "potentially sensitive equipment" had been reviewed and the principal investigator asserted that all research funded through Ames Laboratory has or will be published in the open literature (a list of publications since October 1, 2001, on this technology is attached). Therefore, under Department of Commerce definitions, the research in question is considered fundamental research and no license is required.

The Ames Laboratory has the necessary processes in place for verification that foreign nationals are not obtaining access to potentially sensitive technologies or equipment without the necessary approvals or licenses.

If you have any questions on this response, please contact Albert Conerly, our senior program person assigned to this audit report, on 6-8826, or by e-mail at [Albert.Conerly@hq.doe.gov](mailto:Albert.Conerly@hq.doe.gov)



Glenn S. Podonsky, Director  
Office of Security and Safety  
Performance Assurance

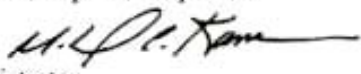
cc: Director, Policy and Internal Controls Management, NA-60  
Director, Office of Science, SC-1  
Office of Executive Operations and Support, ME-1.1  
Merley Lewis, CR-2  
SO-1.1



**Department of Energy**  
**National Nuclear Security Administration**  
Washington, DC 20585

MAR 31 2004

MEMORANDUM FOR      Alfred K. Walter  
                                 Acting Assistant Inspector General  
                                 for Inspections and Special Inquiries

FROM:                     Michael C. Kane   
                                 Associate Administrator  
                                 for Management and Administration

SUBJECT:                 Comments to Draft Inspection Report on  
                                 Compliance With Deemed Export Controls

The National Nuclear Security Administration (NNSA) appreciates the opportunity to have reviewed the draft Inspection Report, "Inspection of Contractor and University Compliance with Deemed Export Controls." We understand that your objectives were to determine:

- If the contractor and university comply with deemed export controls for access by foreign nationals to sensitive technologies; and,
- The status of recommendations from prior Energy OIG interagency reviews conducted under the National Defense Authorization Act.

The report indicates that the Department's policy for unclassified foreign visits and assignments is incomplete and that NNSA's binding guidance regarding the deemed export process has not been issued. The report also indicates that three recommendations from previous reports remain open.

This report was issued to both the Director, Office of Security and Safety Performance Assurance and to NNSA's Director, Policy and Internal Controls Management. Therefore, our response will only address those items for which NNSA has responsibility.

While it is correct that there are three remaining recommendations from previous Inspection reports, our efforts continue to be driven by actions by both the Departments of State and Commerce in order for us to implement corrective actions. As your report correctly notes, this effort has been ongoing since December 2001.



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Regarding the draft report's recommendation on export control guidance, NNSA has the following comment:

Although current export control guidance is published, NNSA agrees with the Inspector General that it is important to ensure the guidance is available to all elements within the Department. Therefore, NNSA will provide the export control guidance, and other informational data, to the Department's program elements by letter from NNSA senior management to the Department's program element managers. As the accountable managers, it is the responsibility of the program element managers to ensure that the guidance is further disseminated to their respective laboratories and field sites.

As a first step to monitoring consistency of implementation, NNSA will conduct a survey of selected sites within the Department's complex to identify problems in implementing the guidance and to determine the level of consistency of implementation. Additionally, the Office of Export Control Policy and Cooperation will conduct random reviews to gauge implementation consistency based on survey information. NNSA will provide the data obtained from the surveys and the random reviews to the accountable program element managers and/or site managers for their further action.

Some specific changes in wording in your report that NNSA recommends in the interest of accuracy are:

- Page 3/4, sentence beginning "ECPC officials acknowledged..." should read: "ECPC officials acknowledged the need for consistent Energy implementation addressing technology transfer and deemed export licenses.
- Page 3/4, sentence beginning "Following these discussions..." should read: "Following these discussions, ECPC officials initiated development of a survey of field export control personnel to determine how export control implementation should be enhanced to ensure consistent export and technology controls."

Should you have any questions related to this response, please contact Richard Speidel, Director, Policy and Internal Controls Management. He may be contacted at 202-586-5009.

cc: Paul Longworth, Deputy Administrator  
for Defense Nuclear Nonproliferation, NA-20  
Robert Braden, Senior Procurement Executive, NA-63

## Appendix C

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### PRIOR REPORTS

- Audit Report on *Safeguards Over Sensitive Technology*, DOE/IG-0635, January 2004;
- Letter Report on *Inspection of Status of Recommendations from the Office of Inspector General's March 2000 and December 2001 Export Control Reviews*, INS-L-03-07, May 2003;
- Audit Report on *The Department's Unclassified Foreign Visits and Assignments Program*, DOE/IG-0579, December 2002;
- Letter Report on *Follow-up Inspection of the Department of Energy's Export Licensing Process for Foreign National Visits and Assignments*, INS-L-02-06, June 2002;
- *Inspection of the Department of Energy's Automated Export Control System*, DOE/IG-0533, December 2001;
- *Inspection of the Department of Energy's Role in the Commerce Control List and the U.S. Munitions List*, INS-O-01-03, March 2001;
- *Inspection of the Department of Energy's Export License Process for Foreign National Visits and Assignments*, DOE/IG-0465, March 2000;
- Inspection Report on *The Department of Energy's Export Licensing Process for Dual-Use and Munitions Commodities*, DOE/IG-0445, May 1999; and,
- *Report on Inspection of the Department's Export Licensing Process for Dual-Use and Munitions Commodities*, DOE/IG-0331, August 1993.



## Appendix D

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### STATUS OF RECOMMENDATIONS FROM PRIOR REPORTS

Section 1204 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2001, amended Section 1402(b) of the NDAA for FY 2000 to require the OIGs to include in each annual report the status of the implementation or other disposition of recommendations that have been set forth in previous annual reports under Section 1402(b). The reports entitled, *Inspection of the Department of Energy's Role in the Commerce Control List and the U.S. Munitions List, INS-O-01-03, March 2001*, and Letter Report on *Inspection of Status of Recommendations from the Office of Inspector General's March 2000 and December 2001 Export Control Reviews, INS-L-03-07, May 2003*, did not contain recommendations.

The following is the current status of recommendations in the reports entitled, *Inspection of the Department of Energy's Export License Process for Foreign National Visits and Assignments, DOE/IG-0465, March 2000*, and *Inspection of the Department of Energy's Automated Export Control System, DOE/IG-0533, December 2001*. Recommendations 1, 3, and 4 from the 2000 report were previously reported as closed. Recommendations 2, 5, 6, 7, and 8 from that report remain open. All three recommendations from our 2001 report remain open.

#### *Inspection of the Department of Energy's Export License Process for Foreign National Visits and Assignments, DOE/IG-0465, March 2000*

Regarding Recommendation 2, we recommended that the Office of Security and Emergency Operations, ensure that a proposed revision of the Energy Notice concerning unclassified foreign visits and assignments include the principal roles and responsibilities for hosts of foreign national visitors and assignees.

Energy reported that it incorporated all required changes to Draft Order 142.X, including the principal roles and responsibilities for hosts of foreign national visitors and assignees. The Draft Order was posted to the RevCom system for Energy-wide review on September 11, 2003.

Current Status: This recommendation should remain open until the Order is issued in final.

Regarding Recommendation 5, we recommended that the Director, Office of Security and Emergency Operations, ensure that the requirements in the revised Energy Notice for unclassified foreign national visits and assignments are clearly identified and assigned to responsible officials or organizations.

Energy reported that it incorporated all required changes to Draft Order 142.X, including the principal roles and responsibilities for hosts of foreign national visitors and assignees. The Draft Order was posted to the RevCom system for Energy-wide review on September 11, 2003.

Current Status: This recommendation should remain open until corrective action is completed.

Regarding Recommendation 6, we recommended that the Acting Deputy Administrator for Defense Nuclear Nonproliferation ensure that guidance issued by the Nuclear Transfer and Supplier Policy Division (now the Office of Export Control Policy and Cooperation) to advise

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hosts of their responsibilities regarding foreign nationals includes the appropriate level of oversight to be provided by the host during the period of the visit or assignment.

Energy reported that it incorporated all required changes to Draft Order 142.X, including the principal roles and responsibilities for hosts of foreign national visitors and assignees. The Draft Order was posted to the RevCom system for Energy-wide review on September 11, 2003.

Current Status: This recommendation should remain open until corrective action is completed.

Regarding Recommendation 7, we recommended that the Director, Office of Security and Emergency Operations, revise Energy policy regarding foreign national visits and assignments to ensure that consistent information is being maintained by Energy sites regarding foreign nationals visiting or assigned to work at the site.

Energy reported that it incorporated all required changes to Draft Order 142.X, including the principal roles and responsibilities for hosts of foreign national visitors and assignees. The Draft Order was posted to the RevCom system for Energy-wide review on September 11, 2003. In addition, to the change to Draft Order 142.X, sites formerly exempt from Energy Notice and Policy 142.1 are currently required to enter visit and assignment information in FACTS for all requests for Nationals of State Sponsors of Terrorism, for all Sensitive Country Assignees, and for all Sensitive Country visitors involving Sensitive Subjects.

Current Status: This recommendation should remain open until corrective action is completed.

Regarding Recommendation 8, we recommended that the Director, Office of Security and Emergency Operations, require that all Energy sites having foreign national visitors or assignees enter information regarding the visits or assignments into FARMS, or a designated central Energy database.

On November 5, 2001, the Deputy Secretary of Energy signed a memorandum directing all sites that are not exempt from Energy Notice and Policy 142.1 to enter information regarding foreign visits and assignments into FACTS. On December 17, 2002, the Deputy Secretary of Energy signed an Interim Guidance memorandum directing sites formerly exempt from Energy Notice and Policy 142.1 to enter visit and assignment information in FACTS for all requests for Nationals of State Sponsors of Terrorism, for all Sensitive Country assignments, and for all Sensitive Country visits involving Sensitive Subjects. The Office of Security has incorporated all these requirements into Draft Order 142.X. The Draft Order was posted to the RevCom system for Energy-wide review on September 11, 2003.

Current Status: This recommendation should remain open until corrective action is completed.

*Inspection of the Department of Energy's Automated Export Control System,  
DOE/IG-0533, December 2001*

Regarding Recommendation 1, we recommended that the Assistant Deputy Administrator for Arms Control and Nonproliferation coordinate with Commerce and the Department of the

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Treasury to ensure access by Energy to information within the Automated Export System regarding the purchase and/or shipment of commodities under an approved export license, and develop guidelines for Energy's access to the information.

Energy reported that the Memorandum of Understanding (MOU) with the U.S. Census Bureau (Census) is on hold. NNSA has been requested to participate in the use of a new system. This system is the International Trade Data System. It is more a comprehensive enforcement system than a monitoring system. Agencies are to be integrated during 2004.

Current Status: This recommendation should remain open until corrective action is completed.

Regarding Recommendation 2a, we recommended that the Assistant Deputy Administrator for Arms Control and Nonproliferation coordinate with the Department of State to improve communications regarding review of export license applications for munitions commodities.

Energy reported that the MOU with Census is on hold. NNSA has been requested to participate in the use of a new system. This system is the International Trade Data System. It is more a comprehensive enforcement system than a monitoring system. Agencies are to be integrated during 2004.

Current Status: This recommendation should remain open until corrective action is completed.

Regarding Recommendation 2b, we recommended that the Assistant Deputy Administrator for Arms Control and Nonproliferation coordinate with the Department of State to ensure access by Energy to information maintained by State regarding final disposition (i.e., approval/denial of license applications and the purchase and/or shipment of commodities) of export license applications and develop guidelines for Energy's access to the information.

Energy reported that the MOU with Census is on hold. NNSA has been requested to participate in the use of a new system. This system is the International Trade Data System. It is more a comprehensive enforcement system than a monitoring system. Agencies are to be integrated during 2004.

Current Status: This recommendation should remain open until corrective action is completed.

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