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United States Government

Department of Energy

memorandum

DATE: April 11, 2007

Audit Report Number: OAS-L-07-10

REPLY TO
ATTN OF: IG-32 (A06DN005)SUBJECT: Audit of the Department of Energy's Community and Regulatory Support Funding at the
Carlsbad Field Office

TO: Manager, Carlsbad Field Office

INTRODUCTION AND OBJECTIVE

The Department of Energy's (Department) Office of Environmental Management provided \$60.1 million in Community and Regulatory Support funding in Fiscal Year (FY) 2005 to a number of Department sites. The funding is intended to be used for activities indirectly related to nuclear and hazardous waste cleanup, such as agreements with state regulatory agencies and transportation departments. During FY 2005, the Department's Carlsbad Field Office (Carlsbad) received \$23.4 million in funding. Carlsbad provided the funding to the New Mexico Department of Transportation (NMDOT) for the purpose of economic assistance, including road improvements in connection with the Department's Waste Isolation Pilot Plant (WIPP). WIPP is scheduled to receive waste through 2030. The funding is authorized by Congressional legislation, effective FY 1997, requiring annual payments in the amount of \$20 million plus an inflation adjustment through 2011.

The objective of this audit was to determine if the Department is ensuring that Community and Regulatory Support funds are spent for the intended purpose and in the most effective manner.

CONCLUSIONS AND OBSERVATIONS

While we found that Community and Regulatory Support funds were being spent for their intended purposes, we noted that the Department could improve its communication with NMDOT to facilitate the state's road maintenance efforts along WIPP shipping routes. In reviewing the use of Community and Regulatory Support funds at Carlsbad, we found that the funds had been and were planning to be used for road improvements in connection with WIPP. However, Carlsbad had not provided the cognizant NMDOT transportation planning officials with sufficient information needed to most effectively plan projects to maintain roads important to the shipment of waste to WIPP. For example, Carlsbad had not made NMDOT aware of specific Departmental route plans to ship waste, including the percent and schedule of travel along specific roads. Lacking such information, NMDOT was unaware that three road maintenance projects it selected to use \$18.5 million in Departmental funds were, according to Carlsbad officials, on routes scheduled to receive less than one percent of waste going to WIPP.

While Carlsbad was providing some transportation information to certain State of New Mexico and NMDOT officials, the information was not being provided to NMDOT transportation planning officials responsible for making critical decisions on how the funds were to be used. In addition, an NMDOT official who did receive the information told us that it was not useful because it was difficult to interpret, changed too frequently, did not provide enough specific information, and was only provided sporadically until recently. Further, NMDOT transportation planning officials stated that more detailed information on the Department's estimated use of WIPP routes would be beneficial when considering the timing and amount of funds to apply to WIPP road maintenance projects. This is particularly important since Carlsbad officials indicated that the expected use of these routes could change based on future Department decisions on how to dispose of the remaining waste destined for WIPP.

To enhance communication, we suggested that your office provide and discuss with cognizant officials in NMDOT plans regarding the Department's WIPP route schedules and shipments. The Office of Environmental Management and your office agreed with the suggestion and indicated they would improve efforts to exchange information with the State of New Mexico.

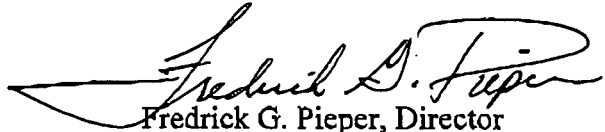
SCOPE AND METHODOLOGY

The audit was performed between April 2006 and February 2007 at the Department's Carlsbad Field Office in Carlsbad, New Mexico and the offices of the NMDOT in Santa Fe, New Mexico. The scope of the audit focused primarily on expenditures in Fiscal Year 2005.

To accomplish the audit objective, we obtained and reviewed Department laws, regulations, policies, and procedures relevant to the funding of community and regulatory support activities; reviewed the legislation and funding agreement pertaining to Department funding to NMDOT; reviewed NMDOT budget, cost, and work scope information to determine if controls were in place to ensure that funds were spent effectively and for the intended purpose; reviewed the results of prior audits and reviews; and, held discussions with officials from Carlsbad, Environmental Management, and NMDOT.

The audit was performed in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Accordingly, we assessed the Department's controls over community and regulatory support funding to NMDOT. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. Also, we considered the establishment of performance measures in accordance with the *Government Performance and Results Act of 1993* as they related to the audit objective. We found that the Department had not established specific performance measures for expenditures of community and regulatory support funds. We relied only to a limited extent on computer-processed data from funding recipients to accomplish our audit objective. Accordingly, we did not test the reliability of the data.

We discussed the audit results and suggested actions with Carlsbad officials in February 2007. Because no formal recommendations are being made in this report, a formal response is not required. We appreciate the cooperation of your staff during our review.



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